



## The Playbook to \$1 Million in the TSP

### Welcome

- » Our audience today
- » Questions you submitted
- » Q&A – the ProFeds Support Team standing by
- » Handouts – available for download
- » Recorded – how to get the replay
- » Stay until the end!

## The Playbook to \$1 Million in the TSP

### Your ProFeds Presenter



#### Chris Kowalik

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

#### Support Team

- » Standing by for your questions



## The Playbook to \$1 Million in the TSP

# The Playbook to \$1 Million in the TSP

**How to control the game—and not  
blow it when the stakes are high**

## Agenda

- » **PLAYBOOK:** Decisions available to you to put points on the board
- » **FOULS:** Poor choices that stunt your game day performance
- » **MINDSET:** Channeling your thinking (and behavior) on the field

**OUR OBJECTIVE:**  
To help you see the levers of control that you have in the TSP

**What this webinar will NOT cover**

## Links to Related Webinar Replays



All Things Roth TSP



Required Minimum Distributions



TSP Withdrawal Options



TSP Lifecycle Funds



Mutual Fund Window

Access all webinar replays: [FedImpact.com/webinar](https://FedImpact.com/webinar)



## Training Camp

### A Winning Mindset

- » This is simple, but it's not easy
- » Take full ownership over the end result
- » Put in the reps (do the work)
- » Manage your reactions on the field
- » Be willing to “get rich slowly”

*The harder you work, the luckier you get!*

### Perspective of the Game

- » Everyone's version of “winning” is different
- » Sitting on the sidelines won't win you the game
- » Glance at the scoreboard, but don't obsess over it
- » Do the work to put points on the board
- » Don't rely on a hail Mary pass
- » Rookie moves can cost you the game



## The 3 Offensive Moves of Investing

## CONTRIBUTIONS

Consistent points on the board

## GROWTH

Opportunities for big plays

## TIME

The game clock countdown



**How much to contribute and when?**

### Employee's TSP Contributions While Working in 2026

- » Regular contributions:
  - All employees may contribute up to \$24,500/yr
- » Catch-up contributions:
  - **Employees who will be age 50-59 or 64+ on 12/31/2026** may contribute an additional \$8,000/yr (total \$32,500/yr)
  - **Employees who will be age 60-63 on 12/31/2026** may contribute an additional \$11,250/yr (total \$35,750/yr)  
(NOTE: Be sure to lower your contributions for the year you turn age 64+)


### Agency's TSP Contributions (FERS)

- » Employees may receive a “match” from their agency based on their contribution level:
  - Automatic 1%: Employees receive 1% of their salary deposited by their agency each pay period
  - Matching 4%: Employees receive 4% of their salary deposited by their agency each pay period if an employee contributes at least 5% of their salary
- » These matching funds from the agency do not count toward the annual contribution limits

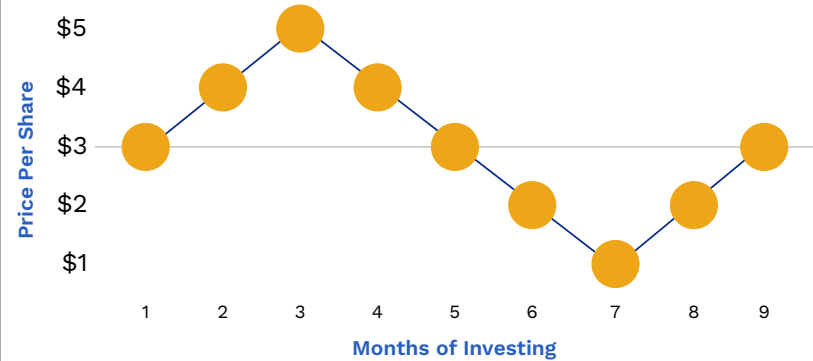
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Timing Your Contributions

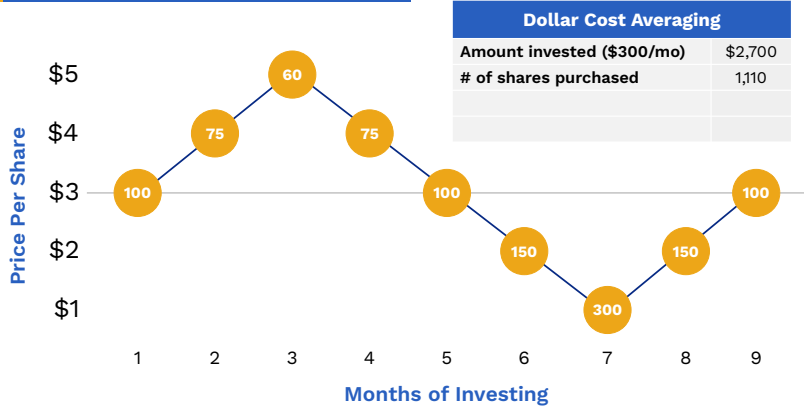
- » Trying to time the market is dangerous
- » Instead, invest regularly and consistently using a concept known as “Dollar Cost Averaging”
  - Invest the same amount regardless of market conditions
    - Buy fewer shares when prices are high
    - Buy more shares when prices are low
    - Objective: Buy shares at an average cost below the average price

 Federal employees naturally benefit from “dollar cost averaging” in the TSP because they regularly contribute a consistent amount.

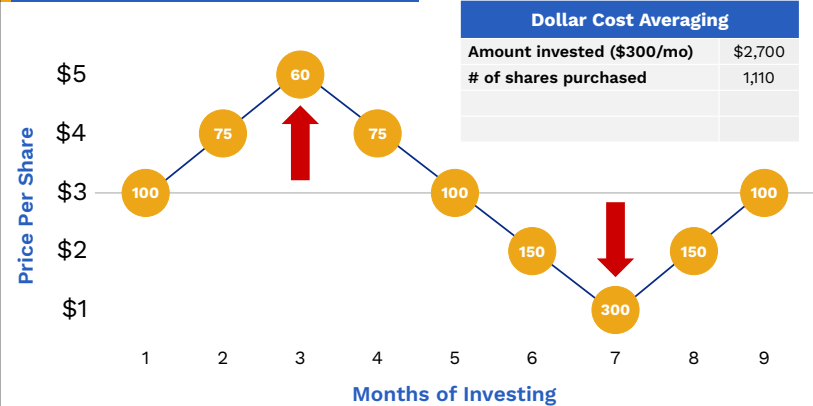
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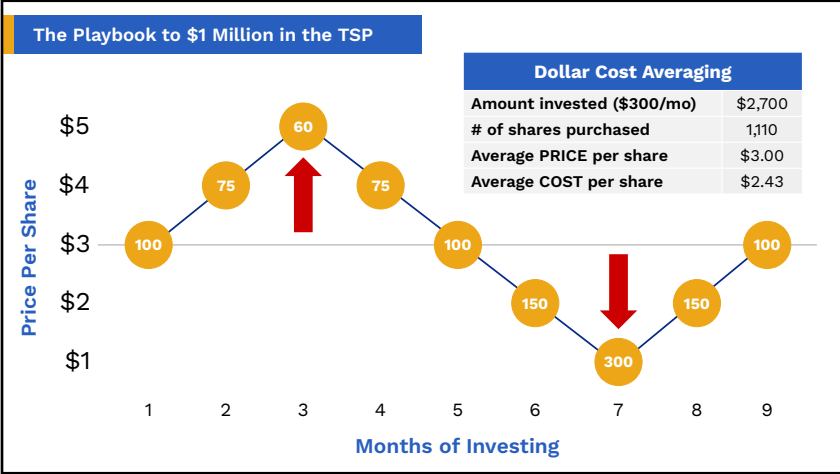


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### Increasing Your Contributions

- » There are natural times that allow for an employee to increase their contributions to the TSP
  - Annual pay raises
  - Step increases
  - Promotions
  - Increase in other household income
  - Decrease in other household expenses such as paying off debt

*Find ways to save more in the TSP over time so you can put time on your side.*

*Your future self will thank you!*

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## How much can it grow?

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### How Investors Handle Risk

- » Risk Tolerance vs. Risk Capacity
  - **Risk tolerance:** an investor's psychological willingness to endure the market's volatility in exchange for potentially higher returns
  - **Risk capacity:** an investor's financial ability to absorb a loss without derailing their financial plan
- » Investors have different "appetites" for taking risks

SAFERISK

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### Choosing Your Funds

- » Different funds carry different risks (and rewards)
  - Regular funds include the G, F, C, S & I
  - L Funds offer a pre-set mixture of regular funds that adjust as you get closer to retirement
- » As an investor gets closer to retirement, they tend to become more conservative in their fund choices

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Returns as of EOY 2025

Fund	Description	Index	10-yr Compound	20-yr Compound
G	Government securities	No index (interest rate based)	2.76%	2.85%
F	Mix of government & corporate bonds	Barclays Capital U.S. Aggregate Bond	2.11%	3.41%
C	Large-cap U.S. stocks	Standard & Poor's 500 Index	14.79%	11.01%
S	Small & mid-cap U.S. stocks	Dow Jones U.S. Completion Total Stock Market Index	11.04%	9.53%
I	Mostly large-cap foreign stocks	Morgan Stanley Capital Int'l All Country World Index (excludes US, China and Hong Kong)	8.70%	5.91%

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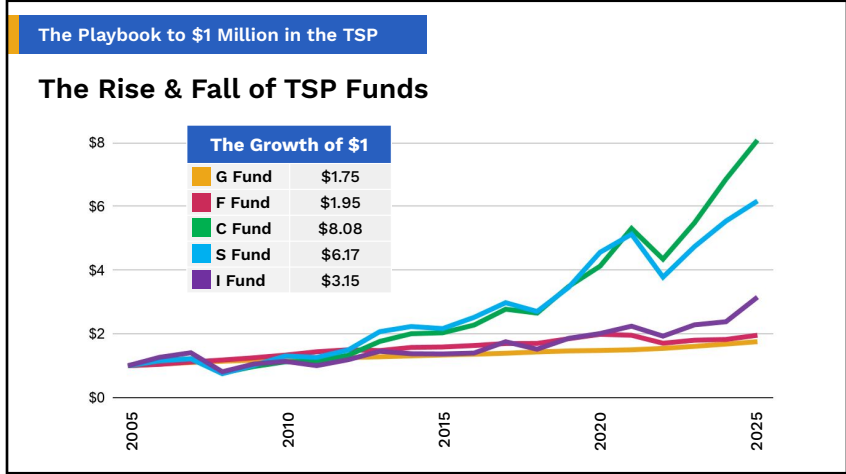
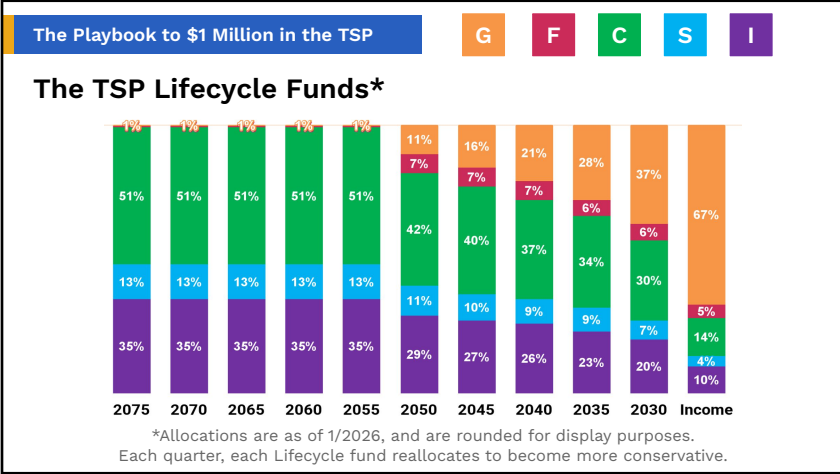
Returns as of EOY 2025

Year	G Fund	F Fund	C Fund	S Fund	I Fund
2016	1.82%	2.91%	12.01%	16.35%	2.10%
2017	2.33%	3.82%	21.82%	18.22%	25.42%
2018	2.91%	0.15%	(4.41%)	(9.26%)	(13.43%)
2019	2.24%	8.68%	31.45%	27.97%	22.47%
2020	0.97%	7.50%	18.31%	31.85%	8.17%
2021	1.38%	(1.46%)	28.68%	12.45%	11.45%
2022	2.98%	(12.83%)	(18.13%)	(26.26%)	(13.94%)
2023	4.22%	5.58%	26.25%	25.30%	18.38%
2024	4.40%	1.33%	24.96%	16.93%	4.27%
2025	4.44%	7.21%	17.85%	11.38%	32.45%
10-Yr Compound	2.76%	2.11%	14.79%	11.04%	8.70%

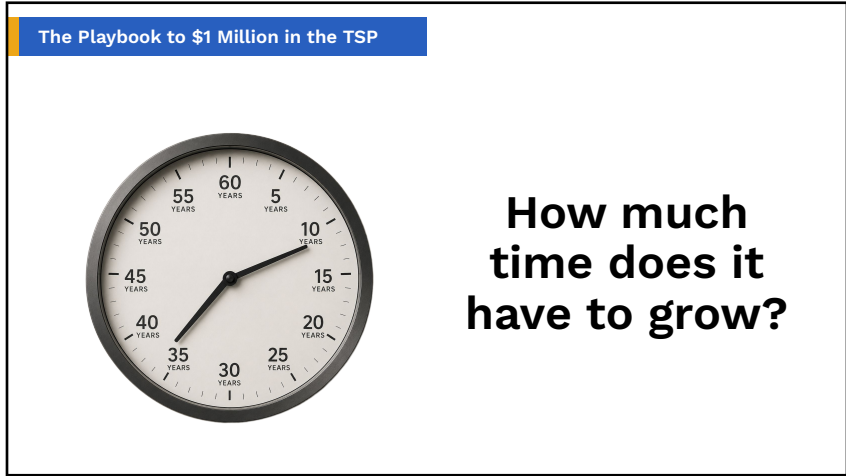
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### Lifecycle Funds

- » A mixture of the 5 regular funds that adjust automatically over a long period of time
- » The objective is to strike an optimal balance between the expected risk and return of each fund
- » Designed to put 100% of your TSP balance into ONE Lifecycle fund based on the year you plan to need to begin taking money from the TSP
- » Return based on performance of G, F, C, S & I funds



- The Playbook to \$1 Million in the TSP
- Reacting to the Market**
- » How you react depends on your investment stage
  - » Can you emotionally tolerate the ride long enough to experience long-term growth?
  - » What you do when the market is up (or down) matters
    - We know we're supposed to "buy low & sell high"
    - So why are we so happy when the market is up?
  - » The market feels different whether we're buying shares or selling them!



### Recognizing the Value of Time

- » Putting time on your side allows you to take advantage of compound interest
- » Compound interest is the 8th wonder of the world
- » What kills compound interest:
  - Taking loans/distributions
  - Buying/Selling shares at inopportune times
  - Procrastination
- » “I wish I would have started sooner!”

### The Price of Procrastination

- » Let’s look at two scenarios:
  - Mary: Invests \$10,000/year from age 25-34 and stops
  - Sam: Invests \$10,000/year from age 35-44 and stops
- » Both:
  - Invested in the same funds
  - Got the same interest rate (we’ll assume a modest 6%)
  - Are the same age and want to begin retirement at age 65

### The Price of Procrastination

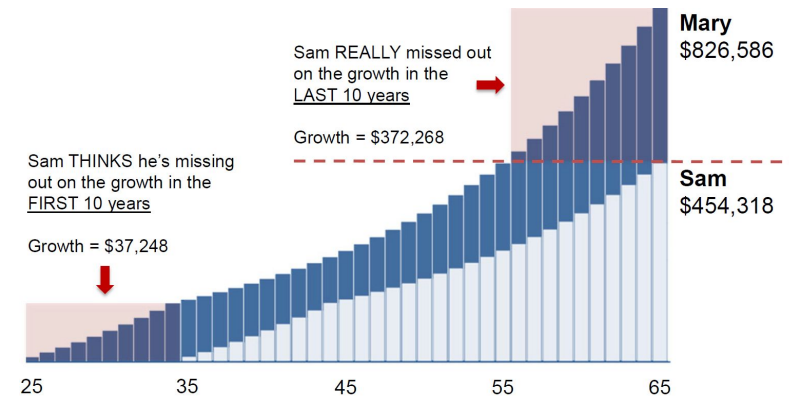
- » We’ll evaluate by asking 3 questions:
  - How much have they each invested?
  - At 65, what is the value of each account (principal + growth)
  - At 65, what was the REAL cost of procrastination?

Mary’s Scenario	
Age	Contributions
25 - 34	\$10,000/year
35 - 64	\$0
...	...
At 65	\$100,000 principal \$726,586 growth
<b>TOTAL = \$826,586</b>	

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Sam's Scenario	
Age	Contributions
35 - 44	\$10,000/year
45 - 64	\$0
...	...
At 65	\$100,000 principal \$354,318 growth
<b>TOTAL = \$454,318</b>	

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### Observations

- » Both Mary and Sam invested the same amount of money, but compounding interest over a long period of time made a significant difference
- » If you wait to invest, compare what you might have given up (in the first 10 years of contributions) compared to what you will really give up (last 10 years of growth)
- » Time isn't just helpful—it's the multiplier on everything else (REMINDER: "Get rich slowly")

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### A Few Examples

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**Case Study #1**

- » If an employee was to start from scratch, what would they need to do to reach \$1 million in the TSP?
  - How much must they contribute each month?
  - What average rate of return is required?

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**How Much Must I Invest Each Month to Get to \$1M by Age 65?**

If I Start at Age...	With a Rate of Return of...					
	2%	4%	6%	8%	10%	12%
20	\$1,149	\$676	\$381	\$208	\$111	\$58
25	\$1,367	\$861	\$524	\$310	\$180	\$103
30	\$1,652	\$1,111	\$728	\$467	\$294	\$183
35	\$2,036	\$1,459	\$1,026	\$710	\$485	\$328
40	\$2,578	\$1,965	\$1,479	\$1,100	\$811	\$593
45	\$3,399	\$2,748	\$2,205	\$1,757	\$1,392	\$1,097
50	\$4,775	\$4,087	\$3,485	\$2,962	\$2,510	\$2,121
55	\$7,542	\$6,817	\$6,155	\$5,552	\$5,003	\$4,506
60	\$15,868	\$15,111	\$14,391	\$13,709	\$13,061	\$12,447

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**Case Study #2**

- » What if an employee contributed only 5% of their salary (just enough to get the agency match) throughout their whole career?
  - Starting salary (2006): \$67,297
  - Current salary (2026): \$100,000
  - Length of career: 20 years
  - Historical pay raises: 2%

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**What if I Only Contribute 5% Over a 20-Year Career?**

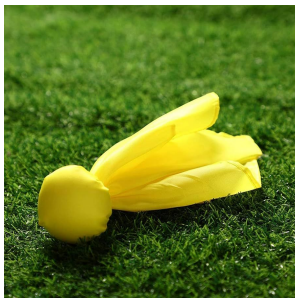
If ALL invested in...	Average rate of return	Total EMPLOYEE contribution	Total AGENCY contribution	Total growth	Approximate ending balance
<b>G Fund</b>	2.85%	\$81,760	\$81,760	\$59,481	<b>\$223,000</b>
<b>F Fund</b>	3.41%	\$81,760	\$81,760	\$73,481	<b>\$237,000</b>
<b>C Fund</b>	11.01%	\$81,760	\$81,760	\$471,481	<b>\$635,000</b>
<b>S Fund</b>	9.53%	\$81,760	\$81,760	\$353,481	<b>\$517,000</b>
<b>I Fund</b>	5.91%	\$81,760	\$81,760	\$151,481	<b>\$315,000</b>

### Case Study #3

- » What if an employee contributed the MAXIMUM amount allowable by the IRS throughout their whole career?
  - Starting salary (2006): \$67,297
  - Current salary (2026): \$100,000
  - Length of career: 20 years
  - Historical pay raises: 2%

### What if I MAXED OUT TSP Over a 20-Year Career?

If ALL invested in...	Average rate of return	Total EMPLOYEE contribution	Total AGENCY contribution	Total growth	Approximate ending balance
<b>G Fund</b>	2.85%	\$363,500	\$81,760	\$138,000	<b>\$583,000</b>
<b>F Fund</b>	3.41%	\$363,500	\$81,760	\$171,000	<b>\$616,000</b>
<b>C Fund</b>	11.01%	\$363,500	\$81,760	\$1,020,000	<b>\$1,470,000</b>
<b>S Fund</b>	9.53%	\$363,500	\$81,760	\$768,000	<b>\$1,210,000</b>
<b>I Fund</b>	5.91%	\$363,500	\$81,760	\$352,000	<b>\$797,000</b>



## Defensive Risks

### Defensive Risks

- » Things that may keep you from reaching your TSP goals:
  - Waiting too long to get started
  - Sitting in the G Fund too long
  - Missing out on agency match
  - Fear or panic in a volatile market
  - Trying to time the market
  - Taking loans because all of your money is tied up in TSP
  - Not realizing that the IRS owns some of your Traditional TSP

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### Wrap-Up

- » Millionaire outcomes usually don't come from comfort
- » Whether you like it or not... the scoreboard is always running
- » Becoming a TSP millionaire isn't about one lucky play—control the clock, put points on the board, and let momentum build over time
- » Most people focus on ONE lever, but wealthy federal employees learn to control ALL THREE

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- » Replay
  - Link will be emailed to all registered participants

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## The Playbook to \$1 Million in the TSP

Today's webinar is focused on this question

“

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