

Social Science Outreach

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OFFICE OF COMMUNICATIONS AND EDUCATION



Thrift Savings Plan

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
tsp.gov

tsp4gov @



Similar projects: What to expect?

Outreach related to:

Saving more

6% response

Starting to save

4% response

Diversifying

2% response

-Vanguard, 2014



Catch-up outreach

- **Active** participants
- Contributed **\$18,000+** in 2018
- Turning **50** in 2019
 - **Emails:** 962 people – half got email
 - **Calls:** 1,907 people – half got calls

Goal: Start making catch-up contributions



Catch-up outreach

Our records say you're turning 50 this year, which means you can now contribute up to an **extra \$6,000** to the TSP—even if you haven't had your birthday yet.* These are called catch-up contributions, and they might be the most important thing you do for your account in 2019.

You make catch-up contributions **at the same time** as your regular contributions, so be sure you already plan to reach \$19,000* by the end of 2019. If so, on top of your regular contributions, **you can start catch-up right now**, up to an extra \$6,000 this year. (You can do the same thing every year while you're employed, though the limits may change.)

Remember, even a few hundred dollars will add up over time. To start catch-up contributions now:

- Log into Employee Personal Page (nfc.usda.gov/epps) and select "TSP Catch-up." Enter how much you want to save per pay period. (For help logging in, call 1-855-632-4468 and select option 5.)
- Or visit "Forms & Publications" at tsp.gov. Under "Top Forms" you'll see Form TSP-1-C. Fill it out and submit it to your agency's payroll/benefits office.

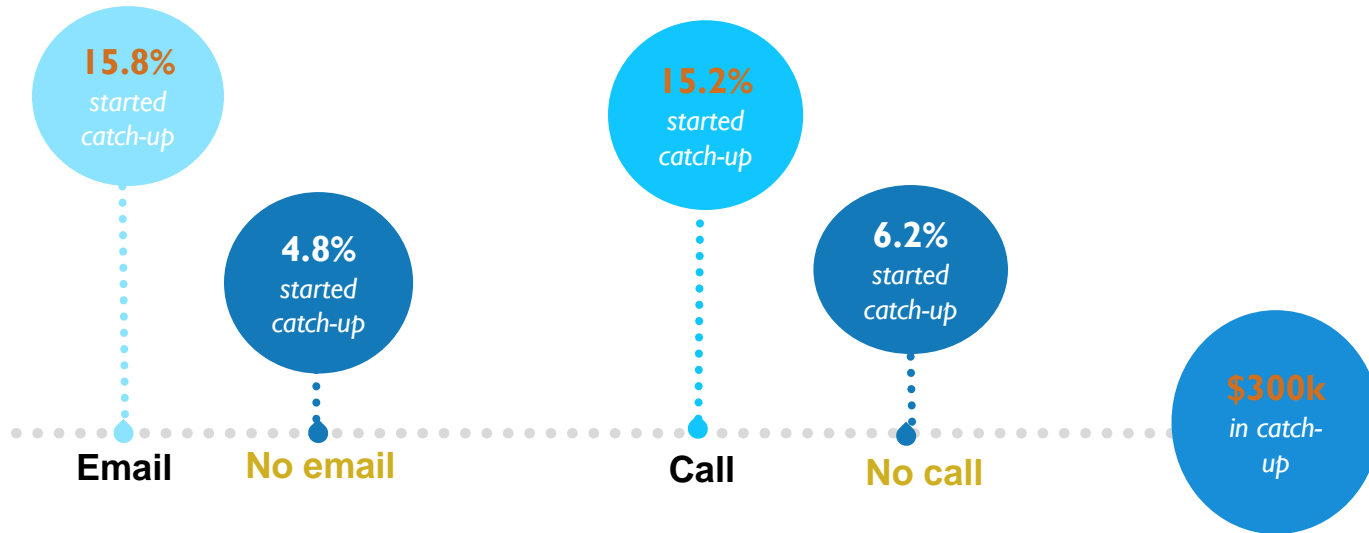
Sincerely,
Your TSP Team

** Due to IRS limits, most participants can only contribute up to \$19,000 in 2019. But those turning 50 or older can save more. To unsubscribe from future messages, please reply with "Unsubscribe" in the subject line.*



Catch-up outreach

*Roughly 3x higher in both cases.
PSRs reached about a quarter of those called.
Of those we reached, 88% found the calls helpful.*



Catch-up outreach

*In 2019, we scaled up the emails to **another 1,700 people** (across payroll systems).*

*16.9% of them **made catch-up**.*

We'll also email **6,800 people** turning 50 this year.

Over-contributors

- Active **FERS**
- Younger than **50**
- On track to reach EDL **by early November 2018**
- No **tax-exempt** contributions
- **1,602** participants

Goal: Miss no match by the end of 2018



Over-contributors

Personalized

This email may keep you from missing \$515.00 this year

You are on track to contribute more than \$18,500 of your own money to the TSP this year, according to our records. That's more than the IRS allows.* If you reach \$18,500 before Dec. 31, we won't be able to process any more of your contributions, and your agency won't be able to match them either.

Based on how much you're contributing now, you could miss out on about \$515.00 in matching this year. But you can change that:

1. Your most recent Leave and Earnings statement is on your [Employee Personal Page](#) or available from your agency. It shows how much you've contributed to the TSP this year, usually labeled "YTD." If you've made both traditional and Roth contributions, add them up to see how close you are to \$18,500.
2. Our "[How Much Can I Contribute?](#)" calculator can help you estimate the most you can save each remaining pay period without going over the limit.
3. To change how much you save, log into your [Employee Personal Page](#) and select "TSP."
 - Click "Self-Service" and then "Change."
 - Enter your new dollar amount or percent, decide the [pay period](#) it should start, and click "Continue."
 - Review the changes. Click "Yes" to continue and then "Submit."
 - Or you can submit [Form TSP-1](#) to your benefits/payroll office.

Thrift Savings Plan

What others missed

This email may keep you from missing \$750 this year

You are in a small minority of participants who may be contributing too much to your TSP account. You're on track to contribute more than \$18,500 of your own money to the TSP this year, according to our records. That's more than the IRS allows.* If you reach \$18,500 before Dec. 31, we won't be able to process any more of your contributions, and your agency won't be able to match them either.

Last year, participants who reached the limit early missed out on \$750 in matching on average. Don't join them. Here's what you can do:

1. Your most recent Leave and Earnings statement is on your [Employee Personal Page](#) or available from your agency. It shows how much you've contributed to the TSP this year, usually labeled "YTD." If you've made both traditional and Roth contributions, add them up to see how close you are to \$18,500.
2. Our "[How Much Can I Contribute?](#)" calculator can help you estimate the most you can save each remaining pay period without going over the limit.
3. To change how much you save, log into your [Employee Personal Page](#) and select "TSP."
 - Click "Self-Service" and then "Change."
 - Enter your new dollar amount or percent, decide the [pay period](#) it should start, and click "Continue."
 - Review the changes. Click "Yes" to continue and then "Submit."
 - Or you can submit [Form TSP-1](#) to your benefits/payroll office.

Thrift Savings Plan

Over-contributors

General education

The Internal Revenue Code's annual limit on elective deferrals may affect your Thrift Savings Plan contributions

The Internal Revenue Code's (IRC) annual limit on elective deferrals (tax-deferred and Roth contributions from your pay) may affect your Thrift Savings Plan (TSP) contributions.

What are elective deferrals?

Elective deferrals are amounts that you ask your employer to deduct from your pay and contribute on your behalf to an employer-sponsored retirement plan. All tax-deferred traditional contributions that you elect to contribute to the TSP and all Roth after-tax contributions that you elect to contribute to the TSP are elective deferrals.

The combined total of your tax-deferred traditional and Roth after-tax contributions (excluding catchup contributions) cannot exceed the elective deferral limit in any year.

Elective deferrals do not include Agency Automatic (1%) or Agency Matching Contributions because those contributions are not considered part of your pay.

What is the annual limit on elective deferrals?

Section 402 of the IRC limits the amount of income you may elect to defer under all employer-sponsored retirement plans during a tax year. (For most employees, a tax year is January 1 through December 31.) The elective deferral limit for 2018 is \$18,500.*

What happens to my employee contributions when the annual limit is reached?

When the annual limit is reached, your employee contributions toward the elective deferral limit must be suspended for the remainder of the year. The TSP system will not allow any employee contribution to be processed that will cause the total amount of employee contributions for the year to exceed the annual limit. Your payroll office must ensure that your employee contributions automatically resume the first pay date in the following year.

What happens to my Agency Matching Contributions when the annual limit has been reached?

If you are a FERS employee, your Agency Matching Contributions are also suspended when the annual limit on elective deferrals has been reached. Agency Matching Contributions are based on the amount of employee contributions that you make each pay period. If there are no employee contributions in a pay period, there can be no Agency Matching Contributions.

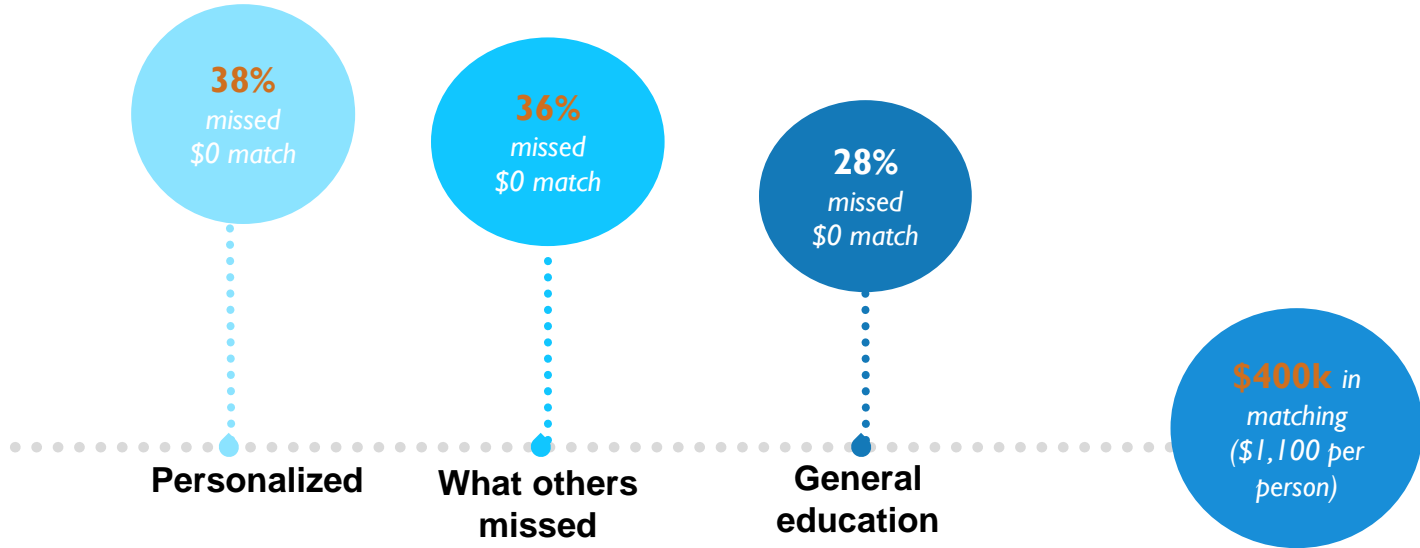
Does it make a difference if I reach the annual limit before the end of the year?

Yes. You should keep the annual contribution limit in mind when deciding how much you will contribute to your TSP account each pay period. If you reach the annual maximum too quickly, you could lose some Agency Matching Contributions because you only receive Agency Matching Contributions on the first 5% of your basic pay that you contribute each pay period. If you reach the annual limit before the end of the year, your contributions (and consequently your Agency Matching Contributions) will stop. (If you are purposely making larger contributions early in the year in an attempt to maximize your earnings, be aware that the amount you could lose in Agency Matching Contributions would, in all likelihood, be far greater than the value of the added earnings you might receive by making employee contributions sooner.)

Thrift Savings Plan

Over-contributors

29 – 36% better



Over-contributors

In 2018, the outreach also went to:

~6,000 participants via email and postcard; 32% missed no matching

In 2019, we also emailed:

~4,500 participants who were on track to over-contribute; 29% missed no matching

Jan. 2021: Spillover method

Automatically enrolled FERS

- Active FERS
- Automatically enrolled before 2017
- Still contributing 3%
- 6,466 participants

Goal: Increase contribution amount



Automatically enrolled FERS

You're missing out on free money. Here's how to get it

You were automatically enrolled in the TSP, which means you're currently contributing 3% of your salary to your retirement account. But you only get the full "match" from your agency if you contribute **at least 5%** of your pay. When you contribute 5%, your agency contributes 5% too.

You've missed out on \$515.00 in matching so far. Unless you take action, **you could miss even more.**

To change how much you save, log into your [Employee Personal Page](https://nfc.usda.gov/epps): nfc.usda.gov/epps

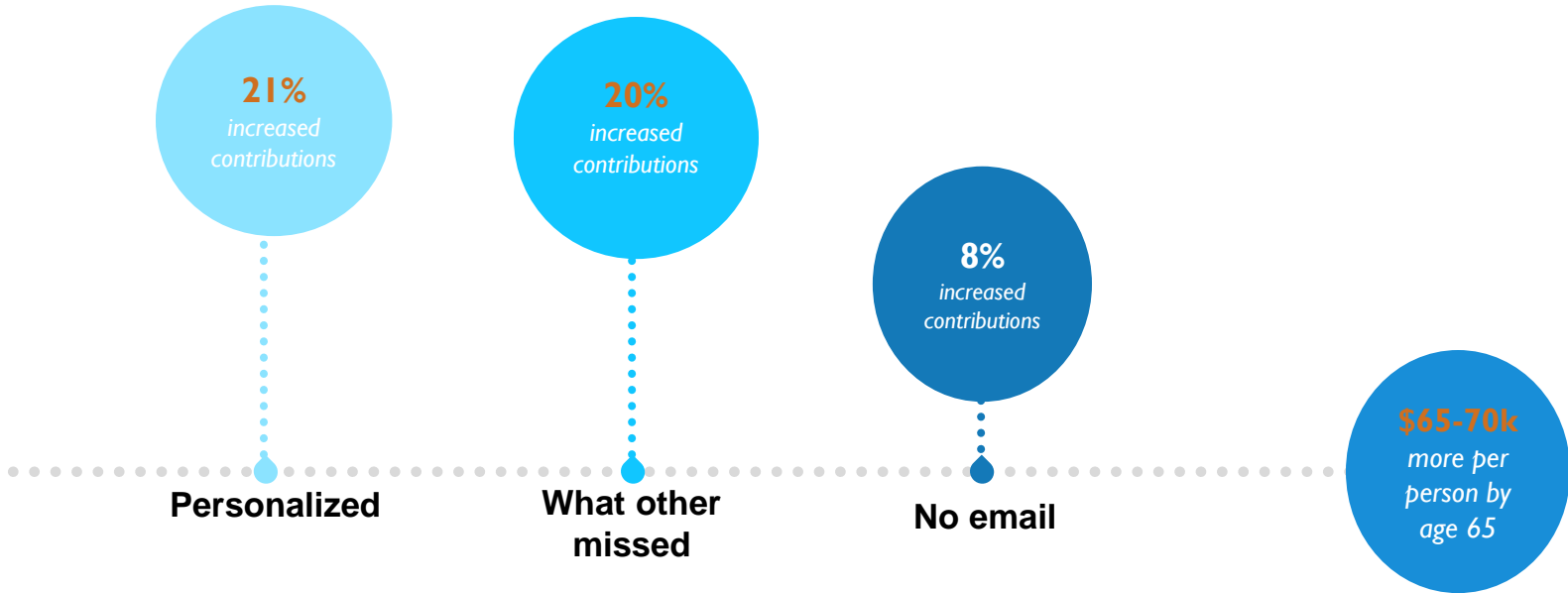
- Select "TSP."
- Click "Self-Service" and then "Change." (For Roth TSP, choose the "Roth contribution" option.)
- Enter your new dollar amount or percent (for example, 5%), decide the pay period it should start, and click "Continue."
- Review the changes. Click "Yes" to continue and then "Submit."
- Or you can submit [Form TSP-1](#) to your benefits/payroll office.

Need help logging in? Call 1-855-632-4468 and select option 5.



Automatically enrolled FERS

Both are more than 2.5 times higher



Automatically enrolled FERS

We also sent the outreach to:

~13,000 participants (across payroll systems) via **email**;
19% increased contributions

~60,000 participants (across payroll systems) via **postcard**;
16% increased contributions

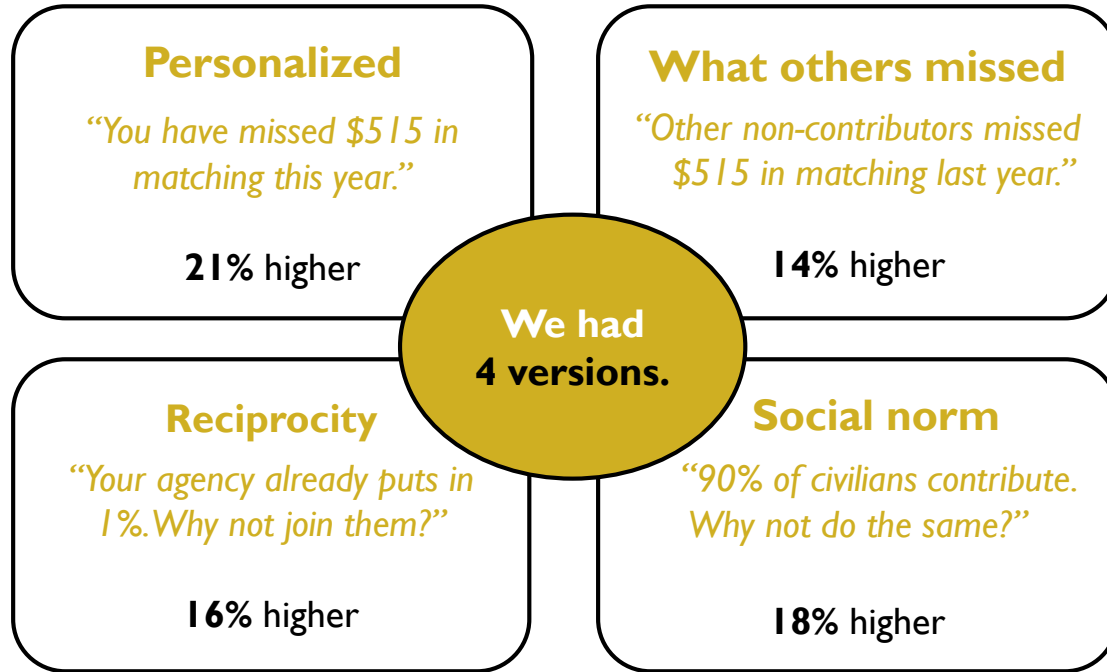
October 2020: 5% auto enrollment

Non-contributors

- Active **FERS**
- **Not contributing** at the time of our sweep (Sept. 2019)
- **32,135** participants
 - Including **8,975** with hardship suspension

Goal: Start contributing

Non-contributors



AE FERS*

Emails: \$3.1 million

Postcards: \$7.7 million

Over-contributors

Emails: \$1.9 million

Postcards: \$759,000

**Estimated
Totals:**

\$34 million

43,000 ppl

Non-contributors

Emails:

\$1.7 million

Catch-up

Emails: \$273,000

Calls: \$26,000

BRS**

Emails: \$7.3 million

Postcards: \$11.1 million

**Based on \$140/month increase
(from both tests).*

***Materials described in May 2019 Board meeting.
The services also reached out to this group.*

