

Social Science Update

Presented by

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October 28, 2025



Early career
Over-contributors
Trading during turmoil
Nearing retirement
In retirement

Series for new hires younger than 35

(with Office of Participant Experience and Office of Investments)

- How the TSP fits with other benefits
- Avoiding the pitfalls of early withdrawals

GROW 
with the TSP

New to the TSP? Turn every \$1 into \$10

Every \$1 you invest in the TSP can grow to \$10 in 35 years—without you needing to do anything else. Thanks to compound interest, \$1 will grow to \$10 after 35 years completely on its own, assuming a 6.8% annual rate of return with diversified investments.* In other words, what you put into your TSP account can become **ten times more** by the time you're ready to take it out.

And yes, every \$1 your agency or service contributes to your account can grow to \$10 in 35 years, too.* If you're eligible for matching, when you contribute 5% of your pay, [your agency/service contributes a total of 5% too](#)—essentially doubling your savings. So, for example, \$1 could grow to \$20—twenty times what you put in!

Wondering how it works? When the investments in your TSP account generate earnings, those earnings can generate earnings as well. That's called ["compounding," and it's extremely powerful over time](#). The more savings you have, the more potential you have for growth.

Grow with us. Time is your greatest ally when investing, and the sooner you invest, the more your money can earn for you.

- Balancing TSP contributions and student loans
- Webpage (tsp.gov/grow) with different scenarios

In 15 years	In 25 years	In 35 years	In 45 years
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\$1 can grow to...

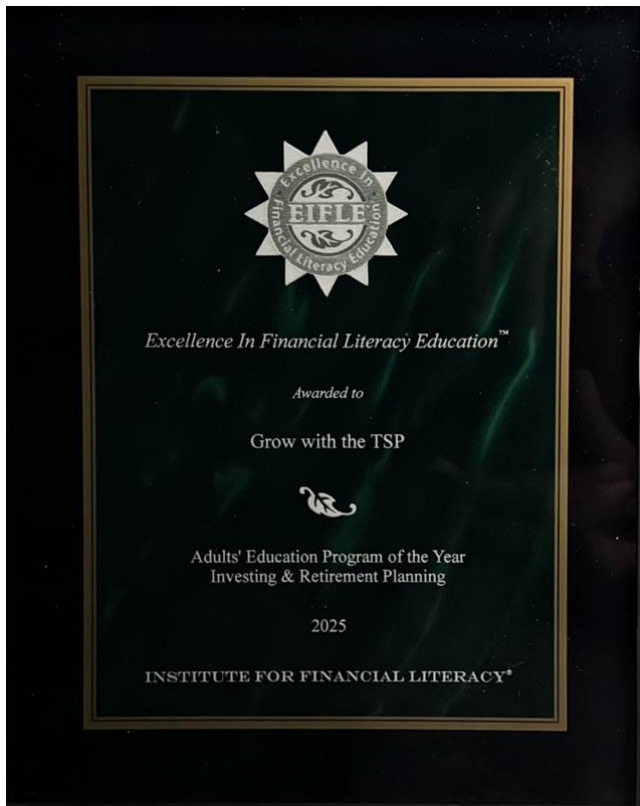
Final amount	\$10.00
With full matching <small>If you're eligible for matching, when you contribute 5% of your pay, your agency or service contributes a total of 5% too—essentially doubling your savings. View our matching chart for a detailed breakdown of how agency/service contributions work.</small>	\$20.00
Average rate of return <small>While past performance does not guarantee future results, the TSP L Funds that were designed for participants younger than age 40 (L 2050, L 2055, L 2060, and L 2065) have had an annual average return of 6.8% or more for as long as they've existed.</small>	6.8%



Ready to turn more of your \$1s into \$10s? [Log in to your agency or service payroll system](#) and select the Thrift Savings Plan option to increase your contributions. Or you can complete an election form and submit it to your HR/benefits or administrative office:



- For federal civilian employees: [Form TSP-1](#)
- For uniformed services members: [Form TSP-U-1](#)

Early career



Received an **Excellence in Financial Literacy Education** award in April

In our test, participants younger than 35 who learned how \$1 can grow to \$10 were **2.5 times** more likely to increase their TSP contributions.



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Over-contributors

~13,000 active FERS and BRS

All younger than age 50

On track to reach IRS elective deferral limit before end of 2024

max out early = contributions stop = **matching ends**

Goal: Adjust saving, contribute all year and get full match

check leave and earnings statement, estimate contributions, use calculator, etc.

Over-contributors

You are in a small group of participants who may be contributing too much to your TSP account. You're on track to contribute more than \$23,000 of your own money to the TSP this year, according to our records. That's more than the IRS allows.*

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

2024: 23% successfully adjusted and did not miss matching

Over-contributors



Plus, for the first time, **we reached out again last December** to remind these participants how to avoid exceeding the IRS limit in the new year.

2025 IRS contribution limit

During 2024, you were in a small group of participants who might have been contributing too much to your TSP account. Each year, the IRS limits how much participants can contribute to retirement plans including the TSP. Next year, the IRS [elective deferral limit](#) is \$23,500.*

Interested in contributing the maximum next year? If you reach \$23,500 before the end of 2025, we won't be able to process any more of your contributions, and your agency won't be able to match them either. **If this happens, you can miss out on hundreds of dollars in matching.**

- If you'd like to contribute the maximum amount to the TSP and are paid **biweekly** (26 pay periods), your dollar amount would be about \$904 per paycheck. If you make both traditional and Roth contributions, your combined biweekly total should not exceed \$904.
- If you'd like to contribute the maximum amount to the TSP and are paid **monthly** (12 pay periods), your dollar amount would be about \$1,959 per paycheck. If you make both traditional and Roth contributions, your combined monthly total should not exceed \$1,959.
- To change how much you save, log in to your agency's payroll system** and select the Thrift Savings Plan option. Or submit [Form TSP-1](#) (scroll down to "Forms and resources" at [tsp.gov](#)) to your benefits/payroll office. Remember to review your traditional **and** Roth contributions if you make both. To stay within the [IRS elective deferral limit](#), the combined total (traditional **plus** Roth contributions from your pay) can't be more than \$23,500* in 2025.



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Trading during turmoil



Participants who moved at least some* of their savings to the G Fund after market turmoil

- Split by age: Under 40, 40-49, 50-59, 60-69
- Active or separated (one-third were retired); roughly one-quarter uniformed services

Topics: Details behind decision to move, any regrets, message testing

**Before the stock market turmoil, most focus group ppts had less than 10% of their TSP accounts in the G Fund. After, most had at least 75% of their accounts in the G Fund. 10*

Message testing

1. Participants who stick to their long-term goals during market downturns can end up with tens of thousands of dollars more in savings over time.

2. Even in March of 2020—when the stock market was the most volatile it had been in 30 years—almost 95% of TSP participants made no changes to their existing investments at all.

3. Remember that investing for retirement is for the long-term. Try not to let short-term market movements steer you off course.

4. Participants who stayed in their age-appropriate L Fund after recent market turmoil have had returns more than 3 times higher than those who moved everything to the G Fund.

5. By the time you react to a downturn, the markets may be moving in the opposite direction, and you could miss significant gains. Instead, focus on a consistent investment strategy to take advantage of [compound earnings](#) and [dollar-cost averaging](#).

Rated highly. Many participants liked that this message shared data to inform decisions and appreciated mention of the L Funds: “This statement definitely made me perk up and go ‘wow.’” A few participants wanted detail about the timeframe.



Trading during turmoil: July newsletter

Understanding the power of L Funds

Staying the course vs. timing the market

Trying to move your money in and out of the markets during downturns can be risky. It's hard to know when to pull out—and even harder to know when to get back in. Participants who try this during market swings can end up locking in losses and missing out on gains. In fact, since January 31 of this year, participants who stayed in their age-appropriate L Fund have earned returns more than 2.5 times higher than those who moved all of their savings to the G Fund.* Of course, past performance does not guarantee future results, but staying invested in your L Fund helps you ride out the ups and downs and often leads to better long-term results.

- Highest-rated newsletter item of all time
- Third-largest daily net inflow to L Funds in almost 5 years (\$208.7M)



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Thinking about

Retired TSP participants often tell us what to do with their TSP accounts 50 and even earlier. We put this Helping participants retire comfortably while safeguarding their accounts—are

Keep money in your pocket

You can stay with the TSP even if Many retirees decide to keep their to take advantage of flexible withdrawal easy-to-understand investment funds didn't even know that keeping their

Here's some important information about several options for how to use your money. [Flexible withdrawal options](#) allow you to choose what works for you. And the TSP is low expenses, which are [lower than 90%](#)

You can stay with the TSP for

TSP retirement planning series

Over the next few weeks, we'll send you a with information you need to make the best retirement goals. We've been planning this series find it helpful. We've also put together a [series of articles](#) if you're leaving federal service. Whenever you choose, and staying with the TSP is one

Keep score and stay

Helping participants retire comfortably while

Here are some tips that work for

- **Diversify your TSP investments to maximize returns.** For example, you could [check out the L Fund \(L Fund\)](#) to invest your savings in a

Ways to withdraw

Remember: When you retire, you don't have to do anything with your TSP account immediately. You can keep it for as long as you like, even after you retire or separate from federal service or the uniformed services. You can start taking [required minimum distributions](#) when you start taking [required minimum distributions](#) at age 73 at the earliest. And even if you reach [your RMD age](#), we'll make sure you satisfy any required amount

Your future income

Required minimum distribution age (or your actual age). If you're still working, you can delay taking a retirement age in your 50s. If it helps, the average retirement age is around age 62 or 63.

Required minimum distributions. Based on your TSP investments to the Financial Wellness Survey, the average age 50 was 20-29

Updated emails to participants ages 50-69

- For 1.5+ million participants with emails on file who were nearing or already in retirement (active + separated)
- 4 emails about TSP's low expenses, flexible withdrawal options, and other considerations in retirement
- Based on findings from previous focus groups (participants wanted to hear more from the TSP, for example)

equal 0.10%, you'll have about \$315,000 at retirement (assuming an annual rate of return on average and contributions). That 0.10% means that the TSP's low expenses for every \$1,000 you've invested

- Using the same assumptions, if you invest for 30 years—but with higher expenses totaling 1.1%—you'll have about \$260,000. That 1.1% means that the TSP's low expenses for every \$1,000 you've invested

That extra 1% in expenses would cost you

after leaving federal or uniformed service? A lot. All participants (whether you're still employed or not) can [roll over money from your TSP to an IRA](#). Rollovers allow you to move your savings in one place so that it's easier to manage. And because the [TSP's low-cost funds](#) are less expensive, your savings could grow faster if you stay with the TSP.

- **Don't let short-term market movements affect your long-term goals.** You've probably heard that [timing the market](#) is difficult. Diversified index funds [available with the TSP](#) routinely perform well over the long term. Managed funds that try to predict the market

years.

3. Estimate how much income you'll need per year—and how much of that will come from the TSP. All of this can vary, but one way to estimate your expenses in retirement is to say you'll need an annual amount equal to 75-85% of your final salary.

For example, someone with a final salary before retirement of \$100,000 might want about \$75,000 in income each year during retirement. If you have a pension and Social Security payments totaling \$50,000 per year, you'd want your TSP investments to cover about \$25,000 per year. Think about how our withdrawal options can get you there.

Feedback:

Nearly 8,000 comments, overwhelmingly positive

Read rates high, unsubscribes very low

More positive comments than any other email series at the time

Tracked and responded to questions that came in

Hundreds of requests for a series solely for retirees

(Roth in-plan conversions, required minimum distributions, tax rules)

Simple and easy to understand. I look forward to the rest of the series.

In this time, it's comforting that you are keeping us, your participants, in close contact. Thank you.

Continue to provide TSP retirement information. Thank you.

It was the perfect size.

Love your series on the TSP. Trust me, my \$ is staying right where it is.

I am very happy with TSP management.

Thanks for the continued supply of information. It enables me to carefully plan my investment options.

I like hearing from TSP regularly and knowing that you all are working hard on our behalf ... much appreciated!

I worked for Merrill Lynch prior to the Federal government. TSP is the best plan, in the interest of the saver, I have seen. I wish all employees realized what a wonderful, wealth-building tool the TSP is.

Should have left all this information in the TSP!

I'd like to thank you for having my back.

Was this email helpful?

Please take our one-question survey.

TSP has been my rock. Especially in times of uncertainty. Thank you!

The information within this email was very helpful.

Thank you for your hard work for civil sector.

It's always good to get reminders of options and opportunities. Thank you.



Getting with TSP is the best news I could get right now.

Very clear, understandable and blissfully short. Thank you.

Great info.... anticipating retirement in the next 18 months, so this is timely.

Thank you for taking care of us.

Your information has always been beneficial to me. Thank you. 😊



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**Roughly 750,000 participants
Ages 60+ and separated
4-email series (plus a bonus)**

**Almost exclusively based on
questions from retirees**

Email I

In retirement? This one's for you. You asked, and we'll answer: We've created a new series for those who have reached the retirement phase of their journey. It is just for you, and the content is almost exclusively based on hundreds of questions that participants sent us this spring about living in retirement. Since you're a part of our "in" crowd, over the next few weeks, we'll send you details about required minimum distributions, managing investment return and risk, withdrawing from traditional vs. Roth balances (including Roth in-plan conversions), tax rules, and more.

You can stay with the TSP forever if you choose

We'll start with a big one: When you retire, you don't have to do anything with your TSP account immediately. We get this question a lot and continue to hear from participants who don't know that keeping their money in the TSP is an option. Some were even told incorrect information during pre-retirement seminars, so we want to make this point clear.

You can keep your TSP account for as long as you like if you maintain the minimum account balance of \$200. You don't have to remove any money from your savings until you reach the age that the IRS requires you to start taking [required minimum distributions \(RMDs\)](#). And even then, you can stay with the TSP.

After you've reached [your RMD age](#), we'll automatically send you a payment to satisfy any required amount before the deadline each year.

Want to consolidate? You can do it with us.

Wondering if you can still add new money to your TSP after leaving federal or uniformed service? This is another frequent question. While you can no longer contribute from payroll deductions after you leave federal service, **all** participants (including retirees) can [roll over money from eligible retirement plans](#), like 401(k)s or IRAs, into the TSP. Roll-overs allow you to consolidate your retirement savings in one place so that it's easier to evaluate whether you're on target to meet your goals with a consistent investment strategy. And because the [TSP's low-cost funds](#) are usually less expensive, your savings could grow more quickly in your TSP account.

\$120 in expenses per year vs. \$3,000

Where you choose to keep your savings can have a big effect on your retirement income. The TSP has some of the lowest expenses in the industry, and we're completely transparent about them.

Remember that retirement plans and investment options charge fees. You may have heard that [the TSP's expenses](#) are lower than 99% of investment options.* The goal is to keep expenses low so that your money continues to grow in the TSP, even *after* you stop working.

Some financial advisors may approach you with opportunities that sound too good to be true. While qualified advisors can add value, they often charge at least 1% (\$1 for every \$100 in your account) each year. That's **more than 25 times** what the TSP cost last year.**

Email 2

What do short-term market drops mean for retirees?

When stock markets are volatile—as they have been in the few months—it can be tempting to make investment decisions on short-term changes. But by the time you read this, the markets may be moving in the opposite direction, leading to significant gains.

Remember that retirement investing is for the long term, even if you stop working. When we asked participants to estimate how long their TSP investments would last in retirement, the average estimate from those who were retired or no longer working was 20 years. If you take a long-term view, there is less volatility in stock movements. Diversified index funds, like the [Fidelity Divers Intl Fund](#), routinely perform better than active funds that try to predict the markets.

If you're taking withdrawals from your TSP account, the [L Income Fund](#) was designed for you. The L Income Fund is allocated to our [G Fund](#), which focuses on public debt. But L Income also provides some exposure to equity funds (C, S, and I Funds), so your savings have the potential to grow over time. **Compared to investing solely in the G Fund, the L Income Fund offers more growth potential provided by the L Income Fund's equity exposure.**

Email 3

One topic that generates lots of participant questions is Required Minimum Distributions (RMDs), which the IRS requires for most plans, not just the TSP. In this email, we'll go into detail about RMDs, how they work, and when they begin. But let's start with the bottom line:

1. **When you retire, you don't have to do anything to start taking RMDs from your TSP account immediately** as long as you maintain a minimum account balance of \$200. You don't have to start taking money out of the TSP until you reach the age that requires you start taking [required minimum distributions](#).
2. Even then, you can stay with the TSP: After you reach your required beginning [age](#), we'll **automatically** send you a payment to the required amount before the deadline each year and we'll make sure you have your correct information. In other words, when you start taking RMDs on your TSP account, *we'll take care of the paperwork for you.*

When do RMDs start, and when are they due?

The first year in which you're separated from federal service and you've reached your applicable RMD age or older is called your "required beginning distribution calendar year." If you're already taking withdrawals from your TSP account when you reach RMD age, it's possible that the amounts you take will be enough to satisfy your RMD for the year. If not, we'll make sure you take your first RMD (or whatever is left of it) by April 1 of the following year. The date is called your "required beginning date."

Email 4

What are the TSP's withdrawal options for retirees again?

Remember that when you retire, you don't have to do anything with your TSP account immediately.* Indeed, the average civilian participant waits about a year after retiring before taking any TSP withdrawals, and—among participants who left federal service at age 62 or older—more than one-third haven't taken any withdrawals after three years.

But whenever you're ready, the TSP has several options for your retirement income. Just log into My Account at [tsp.gov](#) and select "Withdrawals and Rollovers Out."

How do I decide between them?

The combination of options that you choose depends on your individual situation, how much you expect from any pensions and Social Security, and your withdrawal strategy. Even if you've been withdrawing for years, it never hurts to reassess whether your approach is still working for you. For example, some participants choose to take partial TSP withdrawals as needed during the first few years after retirement. Others prefer the flexible and regular income of installment payments based on a fixed dollar amount, which they can stop, start, or update at any time.

Participants often ask about choosing between installment payments based on life expectancy or an annuity from our outside provider. Installments allow you to receive payments from your TSP account while retaining control of your savings, so you can adjust the amount and frequency of your withdrawals, change your investments, roll money in, or take partial withdrawals if needed over time. However, installments continue only as long as you have a balance in your TSP account, while annuities guarantee lifelong income.

13,500 comments = biggest response to any email series

Love the TSP,
you folks are
great. Don't
let anyone tell
you differently.

Thank you to the
FRTIB and ETAC
for continuing to
support the
interests of [TSP]
participants.

Whoever
thought of this
idea deserves a
promotion.
IMMEDIATELY.

I moved some TSP funds to
an IRA in hopes that it
would do better with a little
more risk. Well, since it
hasn't done as well as my
TSP. I've been wondering if I
can move it back. TSP is best
for me.

This is the best concise
info on how to interact
with my TSP in retirement.
Give the young person
who came up with this a
promotion.

Best
explanation of
RMDs [that]
I've seen.

Didn't know [my wife]
could've kept it in TSP
until much later. We
transferred it, [and] the
fees have been high.

I have participated in TSP
almost since the beginning of
the program, and I am thankful
everyday for the trusted
partner in TSP.

I'm so lucky
to have you
in my life!

I've been struggling with
whether to leave [my
funds] in TSP or transfer
to a financial planner.
These emails are helping
me make that decision.

Solid "10"!
Great wealth
information
by I stay
TSP.
Thank you for
education
on post
retirement.

This was a perfect message
to receive from TSP because
I now have a clearer picture
of managing my TSP
contributions!

AAAA
++++!

I keep telling folks: The TSP will
handle all problems. And you
do. I've heard so many panic
about RMDs. I knew you would
handle it when the time came.

Thank you
for always
keeping us
"in" the
know.

Very reassuring. Based
on the information I
will not be moving my
money from my TSP
account, but I will be
moving my money
from other 401Ks and
IRAs to TSP.

This has been an
excellent series
specifically directed at
retirees!

This was awesome
information, and it
helped me make some
changes to increase my L
Fund in retirement.

Appreciate info directly
from the TSP and not a
money-making private
institution that I may not
trust.

TSP is the most
helpful and
transparent
investment
institution of all.

THANK
YOU FOR
BEING
KIND.

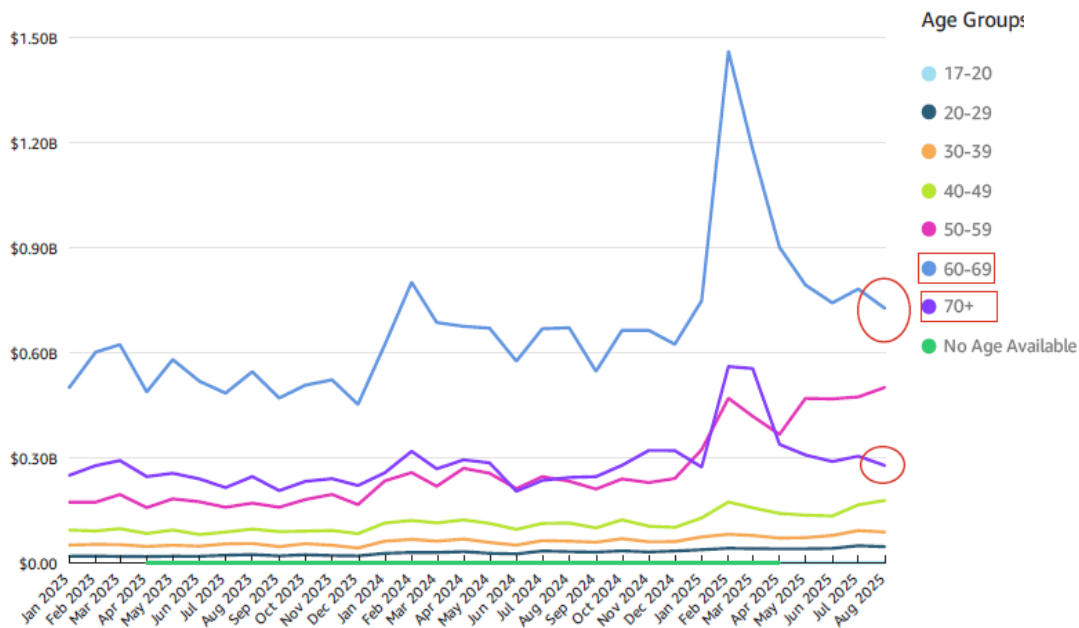
Great information
about being able to
leave money in my
TSP even after
reaching RMD age.

This was the best & clearest
explanation I've read. It is fantastic
that the TSP does this automatically!

TSP is very well-run, and I'm
very happy to be a member.

Largest daily net inflows to L Income in **5 years** (\$58.6M and \$55.6M)
Fifth-largest 2-day net inflow to L Income ever (\$98.7M)

And we saw fewer account closures in the ages who got the series (60+) during the month we sent. All other ages increased or stayed the same.



Questions

