Social Science Update

Presented by
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October 28, 2025

Thrift Savings Plan
Federal Retirement Thrift Investment Board
tsp.gov

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

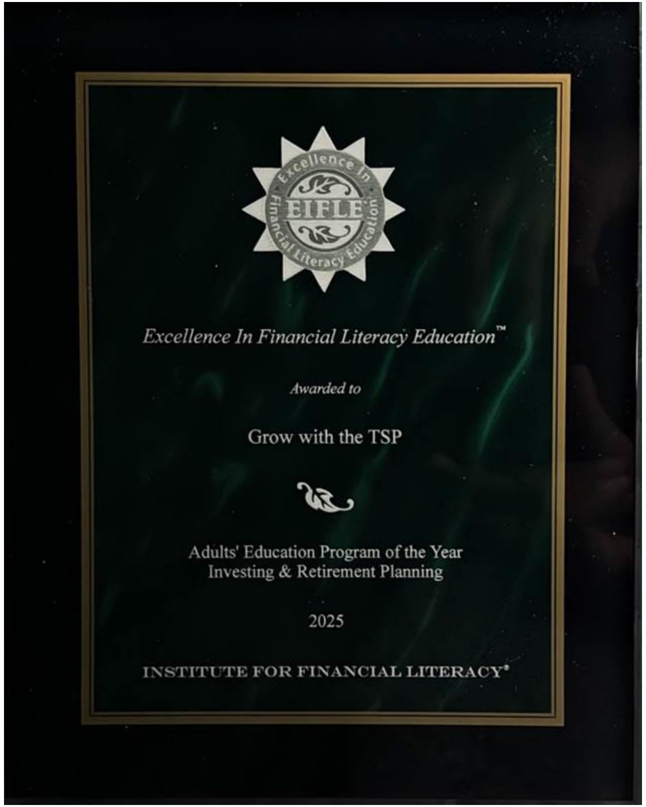
$1 can grow to…

Final amount	$10.00
With full matching 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.	$20.00
Average rate of return 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.	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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~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.*

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.

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.

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.

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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(with Office of Participant Experience and Office of Investments)

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)

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)

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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 1

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 m
retiree?

When stock markets are volatile—as they hav
few months—it can be tempting to make investi
on short-term changes. But by the time you rea
markets may be moving in the opposite directio
out on significant gains.

Remember that retirement investing is for the l
you stop working. When we asked participants
need their TSP investments to last in retireme
estimate from those who were retired or no long
years. If you take a long-term view, there is less
day movements in stocks. Diversified index fund
ble with the TSP routinely perform better than ac
that try to predict the markets.

If you're taking withdrawals from your TSP acc
L Income Fund was designed for you. The L I
allocated to our G Fund, which focuses on pr
But L Income also provides some exposure to
funds (C, S, and I Funds), so your savings hav
growing over time. **Compared to investing so**
growth potential provided by the L Income
more of income in retirement.

Email 3

One topic that generates lots of participant questions is
mum distributions (RMDs), which the IRS requires for m
plans, not just the TSP. In this email, we'll go into deta
RMDs are, how they work, and when they begin. But I
the bottom line:

1. **When you retire, you don't have to do anythi**
   TSP account immediately as long as you main
   mum account balance of $200. You don't *have* to
   money at all from the TSP until you reach the ag
   requires you start taking required minimum distri

2. Even then, you can stay with the TSP: After you rea
   age, we'll **automatically** send you a payment to
   required amount before the deadline each year a
   have your correct information. In other words, whe
   RMDs on your TSP account, *we'll take care of th*

When do RMDs start, and when are they

The first year in which you're separated from federal se
reached your applicable RMD age or older is called y
bution calendar year." If you're already taking withdraw
reach RMD age, it's possible that the amounts you ta
enough to satisfy your RMD for the year. If not, we'll
first RMD (or whatever is left of it) by April 1 of the follov
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.

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.

olid "10"! t wealth rmation y I stay TSP. k you for education on post retirement.

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!

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

Very reassuring. B on the informatio , I will not be moving my money from my TSP account, but I will b moving my mone from other 401Ks a IRAs to TSP.

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 BEING KIND.

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.

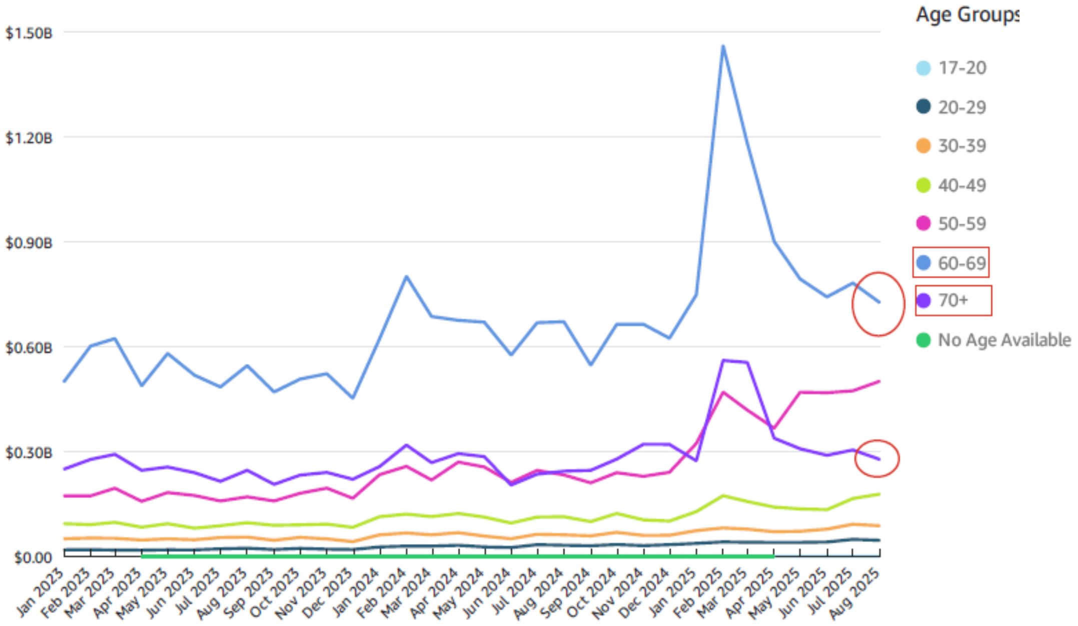
Great information about being able to leave money in my TSP even after reaching RMD age.

This was the best & clearest explanation I've seen. 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.



Thrift Savings Plan

Questions

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