TSP Basics

The Thrift Savings Plan is a great benefit designed to help FERS, CSRS and CSRS Offset federal employees save for their retirement. The TSP offers the following to all participants:

* Tax deferral on contributions
* A choice of 5 investment funds and additional life cycle funds
* TSP Loans are available (based on need)
* In-service withdrawals for financial hardship (or after age 59 ½)
* A choice of post-separation withdrawal options
* Transfers of assets from other eligible retirement savings plans into your TSP account
* TSP funds may be left with the TSP after separation or age 59 1/2 or transferred to another qualified custodial account holder
* Agency matching contributions – FERS

The TSP is especially important for FERS employees because it is one of three parts of your retirement coverage. Employees can now contribute a significant portion of their basic pay each pay period, up to the IRS annual limit. Many federal agencies match participant contributions up to a specified maximum. CSRS employees do not receive Government contributions in their TSP accounts. However, CSRS employees can still take advantage of the TSP to provide a source of retirement income in addition to your CSRS retirement benefit.

 The amount you can contribute changes annually. You may elect to contribute any dollar amount or percentage of basic pay. However, your annual dollar total cannot exceed the IRS limit, which is $23,000 for 2024 and $7,500 for catch up contributions over age 50. A person age 50 or older can contribute a combined $30,500 into their TSP account For 2024.

Contributing as much as you can to TSP retirement coverage is simply a smart financial move. Invest money in yourself and your future instead of giving the government an interest free loan in order to get back a large refund check annually after taxes.