

Thrift Savings Plan Monthly Withdrawal Options

Video Training Notes

Free Video: <http://csrs-fers.com/TSPmwoVideo.html>

Three Methods for Withdrawing Monthly Amount from Your TSP Account:

- 1. Maximum Fixed Amount - IRS Life Expectancy (Deplete Savings)**
- 2. Maximum Fixed Amount - Period of Time (Deplete Savings)**
- 3. Fixed Amount - Period of Time (Preserve Savings)**

Reference Documents:

Important Tax Information About Your TSP Withdrawal:

<http://csrs-fers.com/TSPvideos/Withdraw/oc97-17.pdf>

Withdrawing Your TSP Account After Leaving Federal Service:

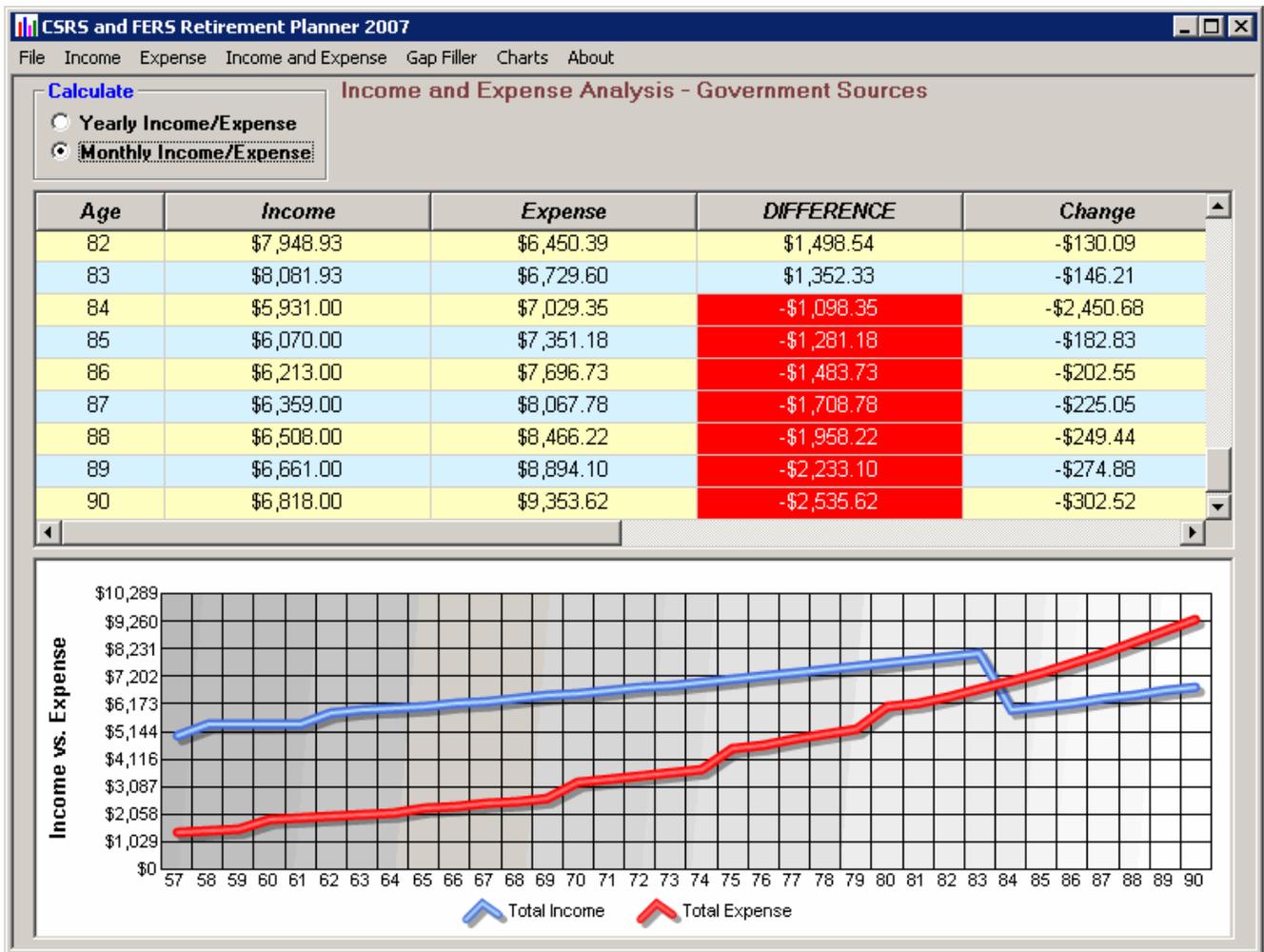
<http://csrs-fers.com/TSPvideos/Withdraw/tspb02.pdf>

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Overview



IRS Life Expectancy – Monthly Withdrawal (Deplete Savings)

Advantages:

Maximum TSP monthly income to life expectancy age

Disadvantages:

- Short withdrawal period – What if you outlive your life expectancy?
- TSP savings decrease over withdrawal period and
- Completely depletes TSP savings by the end of the withdrawal period

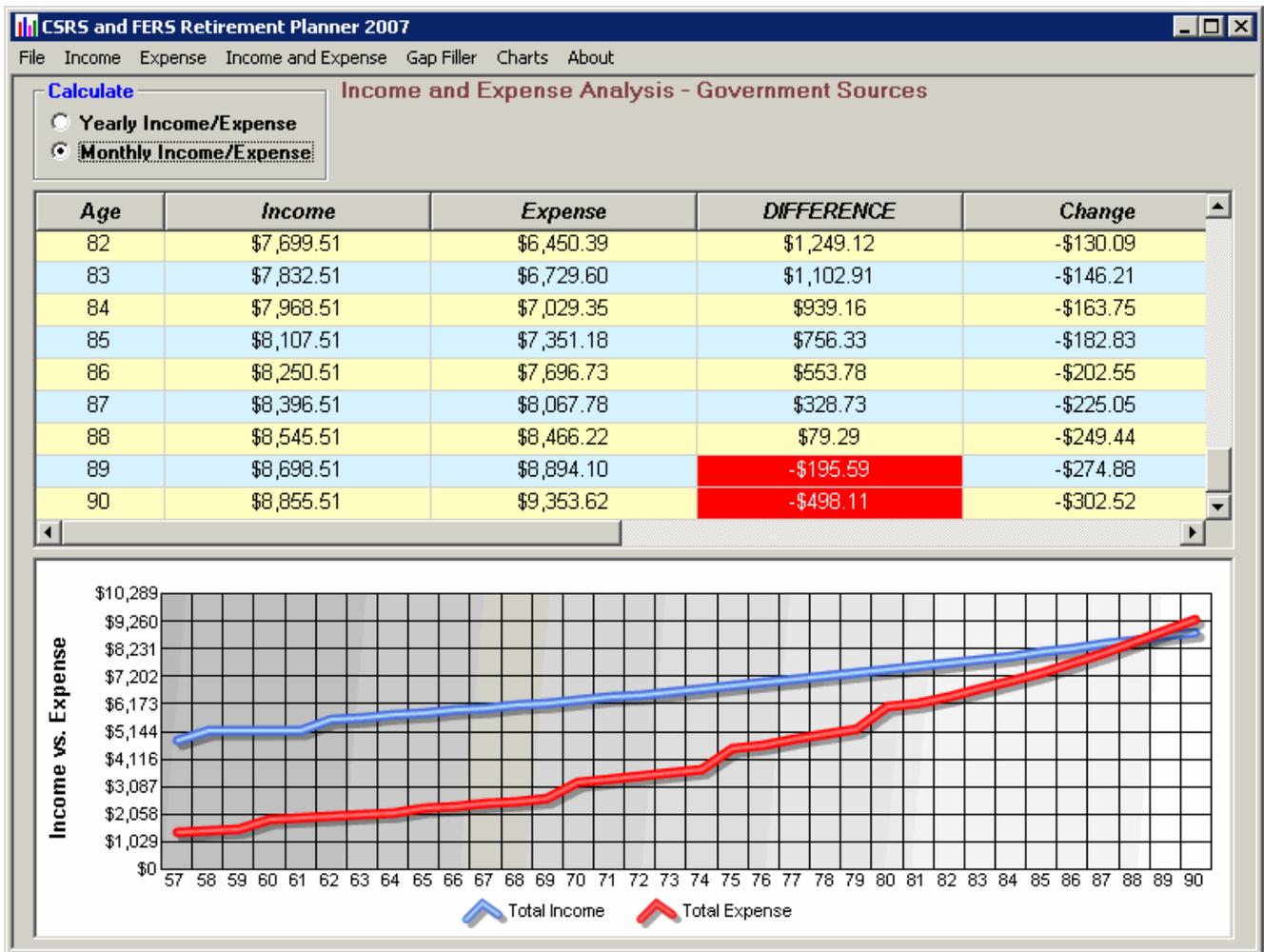
Background:

Total Income: Retirement Annuity + FERS Supplement / Social Security + TSP Monthly Withdrawal

Total Expense: Retirement Penalties + Cost of Survivor Benefit + FEGLI + FEHBP + LTC + Taxes (federal and state)

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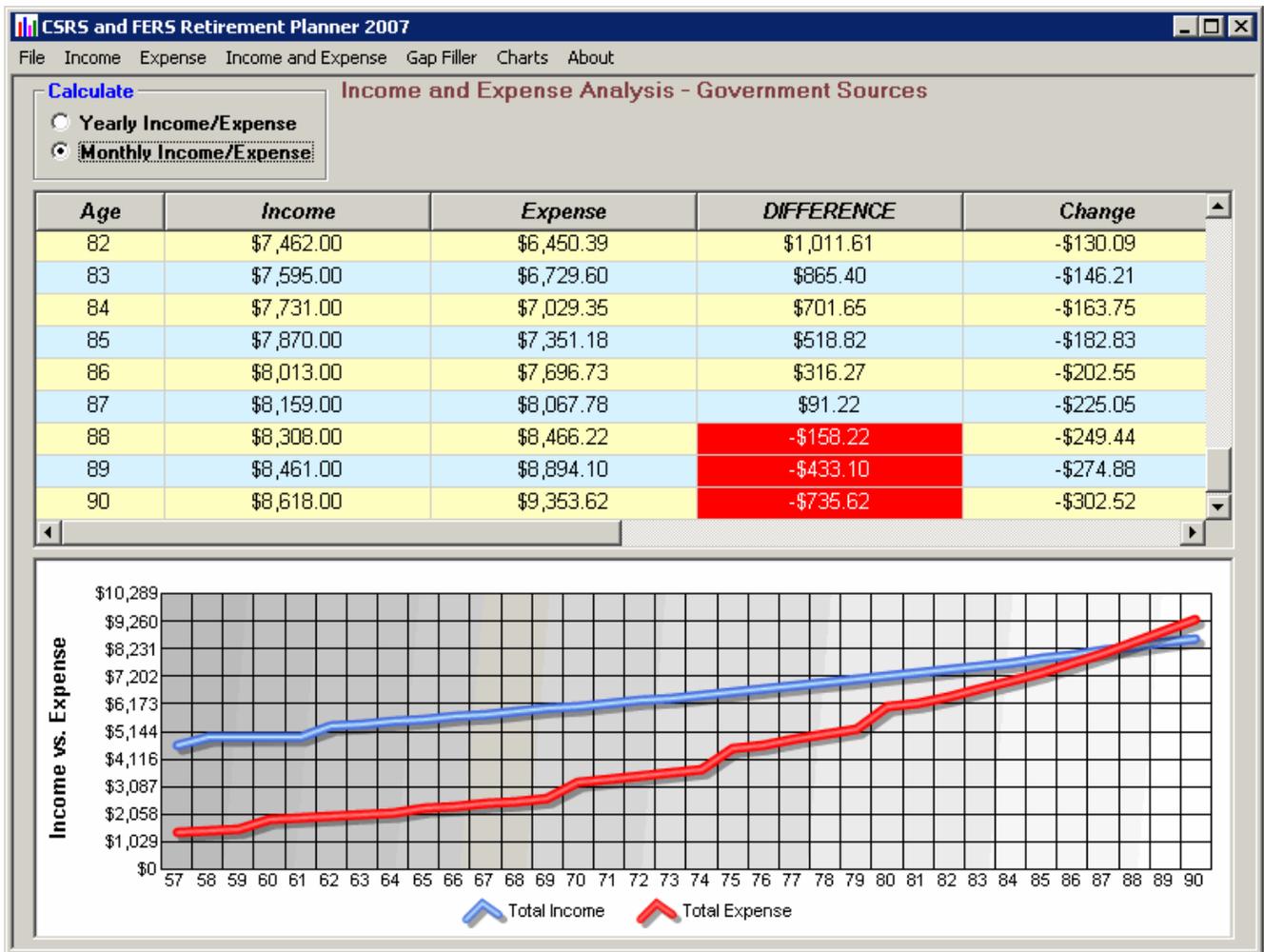
Maximum Amount for a Period of Time – Monthly Withdrawal (Deplete Savings)

Advantages:

- Maximum TSP monthly income beyond life expectancy age
- Longer withdrawal period

Disadvantages:

- TSP savings decrease over withdrawal period
- Completely depletes TSP savings by the end of the withdrawal period
- Less TSP income than IRS Life Expectancy withdrawal method



Retirement Planner

Stated Amount for a Period of Time – Monthly Withdrawal (Preserve / Grow Savings)

Advantages:

- TSP monthly income beyond life expectancy age - longer withdrawal period
- TSP savings increase during the withdrawal period
- Minimizes TSP savings risk
- Inheritance for beneficiaries

Disadvantages:

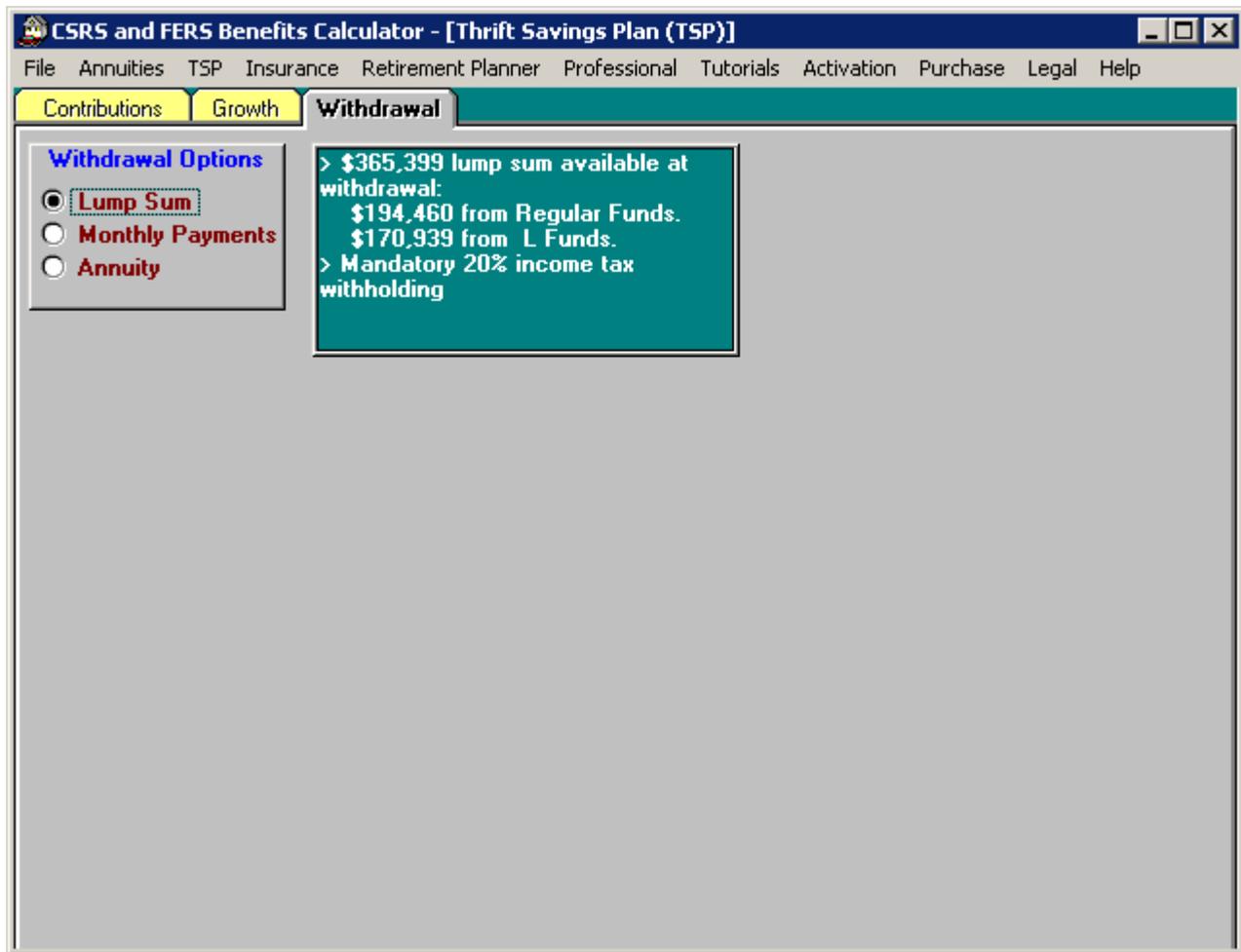
- Least TSP income during the withdrawal period

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Details



Benefits Calculator

**TSP Withdrawal Options:
Lump Sum,
Monthly Payments,
and Annuity**

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CSRS and FERS Benefits Calculator - [Thrift Savings Plan (TSP)]

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Contributions Growth **Withdrawal**

Withdrawal Options

Lump Sum
 Monthly Payments
 Annuity

Monthly Payments

Payments
 Monthly Amount
 Life Expectancy

Calculate Payment

Payments:

Last Payment:

> Three types: (1) the number of monthly payments, (2) the monthly amount, or (3) IRS life expectancy table calculations.
 > Mandatory 20% income tax withholding if payments last less than 10 years

> Initial monthly payments based on your age and account balance
 > Annual adjustment to monthly payment based on your account balance and your age

Distribute Savings into Funds in Percentages Shown

	C	F	G	I	S
L Income	0.00	0.00	0.00	0.00	0.00
Totals	Funds Balance at Beginning of Withdrawal				
\$365,399.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Monthly Amount Drawn from Each Fund				
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Amount Remaining at the End of the Payment Period				
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Benefits Calculator

TSP Monthly Payment Withdrawal Options:

IRS Life Expectancy – Maximum Fixed Amount (deplete savings)

Payments – Maximum Fixed Amount (deplete savings)

Monthly Amount – Fixed Amount (potential to preserve and grow savings)

IRS Life Expectancy

Maximum Fixed Amount (Deplete Savings)

CSRS and FERS Benefits Calculator - [Thrift Savings Plan (TSP)]

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Contributions Growth **Withdrawal**

Withdrawal Options

Lump Sum
 Monthly Payments
 Annuity

Monthly Payments

Payments
 Monthly Amount
 Life Expectancy

Calculate Payment

Payments:

Last Payment:

> Three types: (1) the number of monthly payments, (2) the monthly amount, or (3) IRS life expectancy table calculations.
 > Mandatory 20% income tax withholding if payments last less than 10 years

> Initial monthly payments based on your age and account balance
 > Annual adjustment to monthly payment based on your account balance and your age

Distribute Savings into Funds in Percentages Shown

	C	F	G	I	S
L Income	12.00	6.00	74.00	5.00	3.00
Totals					
	\$43,847.88	\$21,923.94	\$270,395.26	\$18,269.95	\$10,961.97
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Benefits Calculator

IRS Life Expectancy – Maximum Fixed Amount (deplete savings)
Amount Saved: \$365,399 at retirement
Use L-Income distribution of savings

CSRS and FERS Benefits Calculator - [Thrift Savings Plan (TSP)]

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Contributions Growth **Withdrawal**

Withdrawal Options

Lump Sum
 Monthly Payments
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Monthly Payments

Payments
 Monthly Amount
 Life Expectancy

> Three types: (1) the number of monthly payments, (2) the monthly amount, or (3) IRS life expectancy table calculations.
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> Initial monthly payments based on your age and account balance
 > Annual adjustment to monthly payment based on your account balance and your age

Calculate Payment

Payments

Last Payment

Distribute Savings into Funds in Percentages Shown

	C	F	G	I	S
L Income	12.00	6.00	74.00	5.00	3.00
Totals	Funds Balance at Beginning of Withdrawal				
<input type="text" value="\$365,399.00"/>	<input type="text" value="\$43,847.88"/>	<input type="text" value="\$21,923.94"/>	<input type="text" value="\$270,395.26"/>	<input type="text" value="\$18,269.95"/>	<input type="text" value="\$10,961.97"/>
	Monthly Amount Drawn from Each Fund				
<input type="text" value="\$2,286.93"/>	<input type="text" value="\$342.35"/>	<input type="text" value="\$140.57"/>	<input type="text" value="\$1,577.04"/>	<input type="text" value="\$132.29"/>	<input type="text" value="\$94.68"/>
	Amount Remaining at the End of the Payment Period				
<input type="text" value="\$25.90"/>	<input type="text" value="\$3.21"/>	<input type="text" value="\$7.06"/>	<input type="text" value="\$1.53"/>	<input type="text" value="\$5.20"/>	<input type="text" value="\$8.90"/>

Benefits Calculator

IRS Life Expectancy Monthly Withdrawal

Amount Saved: \$365,399 at retirement

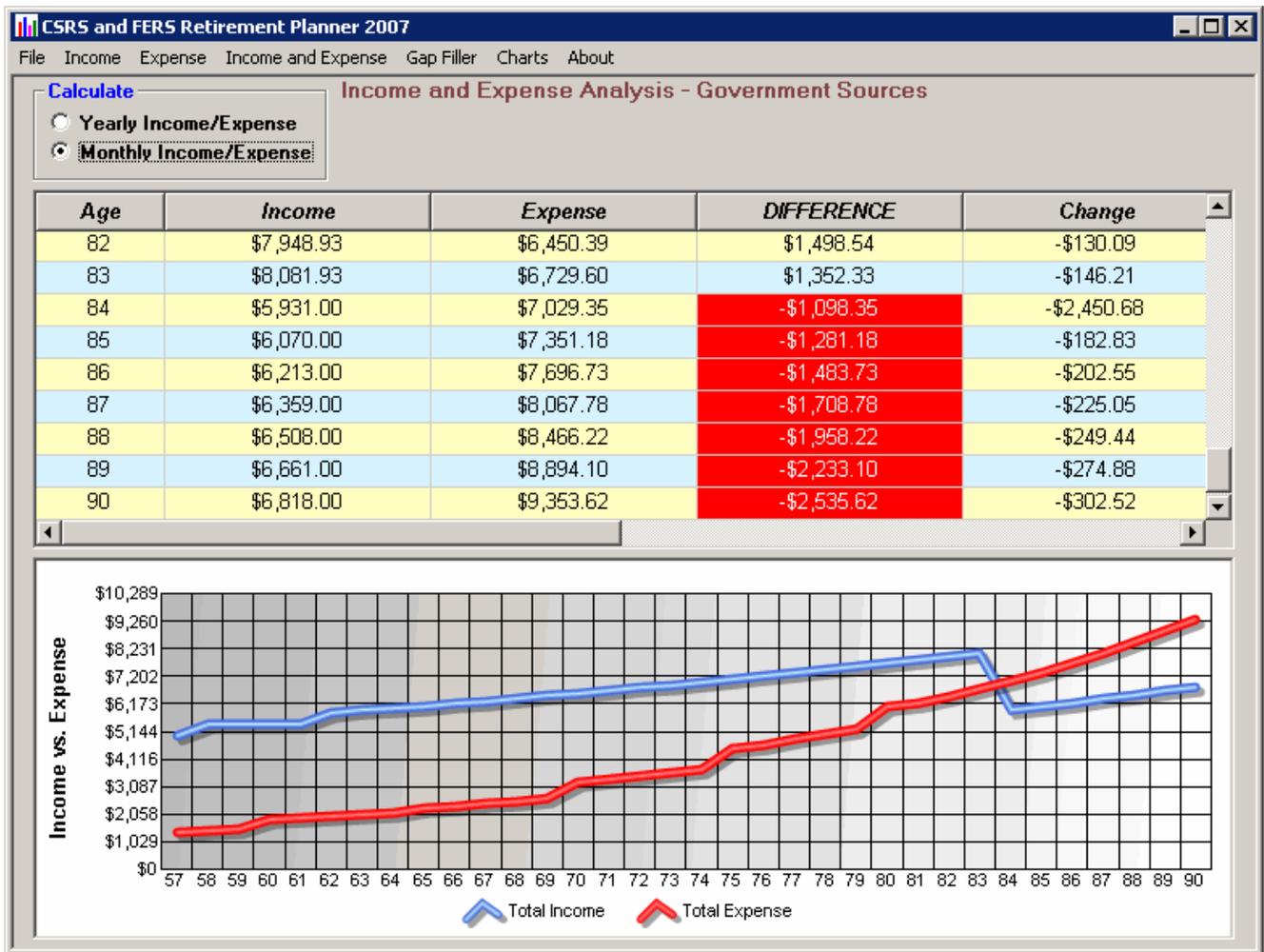
Based on Age 57 – Start Withdrawal:

Number of Payments: 322 (26.83 years)

Last Payment Date: 04/2045

Total Monthly Income: \$2,286.93 from TSP savings

Age 84 (in this example) TSP funds run out



Retirement Planner

Results:

**At Age 84 (in this example) TSP funds run out
Total Expense becomes greater than Total Income**

Payments

Maximum Fixed Amount (Deplete Savings)

CSRS and FERS Benefits Calculator - [Thrift Savings Plan (TSP)]

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Contributions Growth **Withdrawal**

Withdrawal Options

Lump Sum
 Monthly Payments
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Monthly Payments

Payments
 Monthly Amount
 Life Expectancy

Calculate Payment

Payments

Last Payment

> Three types: (1) the number of monthly payments, (2) the monthly amount, or (3) IRS life expectancy table calculations.
 > Mandatory 20% income tax withholding if payments last less than 10 years

> You determine the number of payments you want to receive
 > Initial Monthly Payments = Account Balance / Number of Monthly Payments
 > Yearly Monthly Payments = Account Balance / Remaining Payments

Distribute Savings into Funds in Percentages Shown

	C	F	G	I	S
L Income	12.00	6.00	74.00	5.00	3.00
Totals	Funds Balance at Beginning of Withdrawal				
<input type="text" value="\$365,399.00"/>	<input type="text" value="\$43,847.88"/>	<input type="text" value="\$21,923.94"/>	<input type="text" value="\$270,395.26"/>	<input type="text" value="\$18,269.95"/>	<input type="text" value="\$10,961.97"/>
	Monthly Amount Drawn from Each Fund				
<input type="text" value="\$2,037.51"/>	<input type="text" value="\$319.25"/>	<input type="text" value="\$125.97"/>	<input type="text" value="\$1,380.90"/>	<input type="text" value="\$121.66"/>	<input type="text" value="\$89.73"/>
	Amount Remaining at the End of the Payment Period				
<input type="text" value="\$83.93"/>	<input type="text" value="\$15.44"/>	<input type="text" value="\$13.67"/>	<input type="text" value="\$9.17"/>	<input type="text" value="\$11.01"/>	<input type="text" value="\$34.64"/>

Benefits Calculator

Payments – Maximum Fixed Amount (deplete savings)

Amount Saved: \$365,399 at retirement

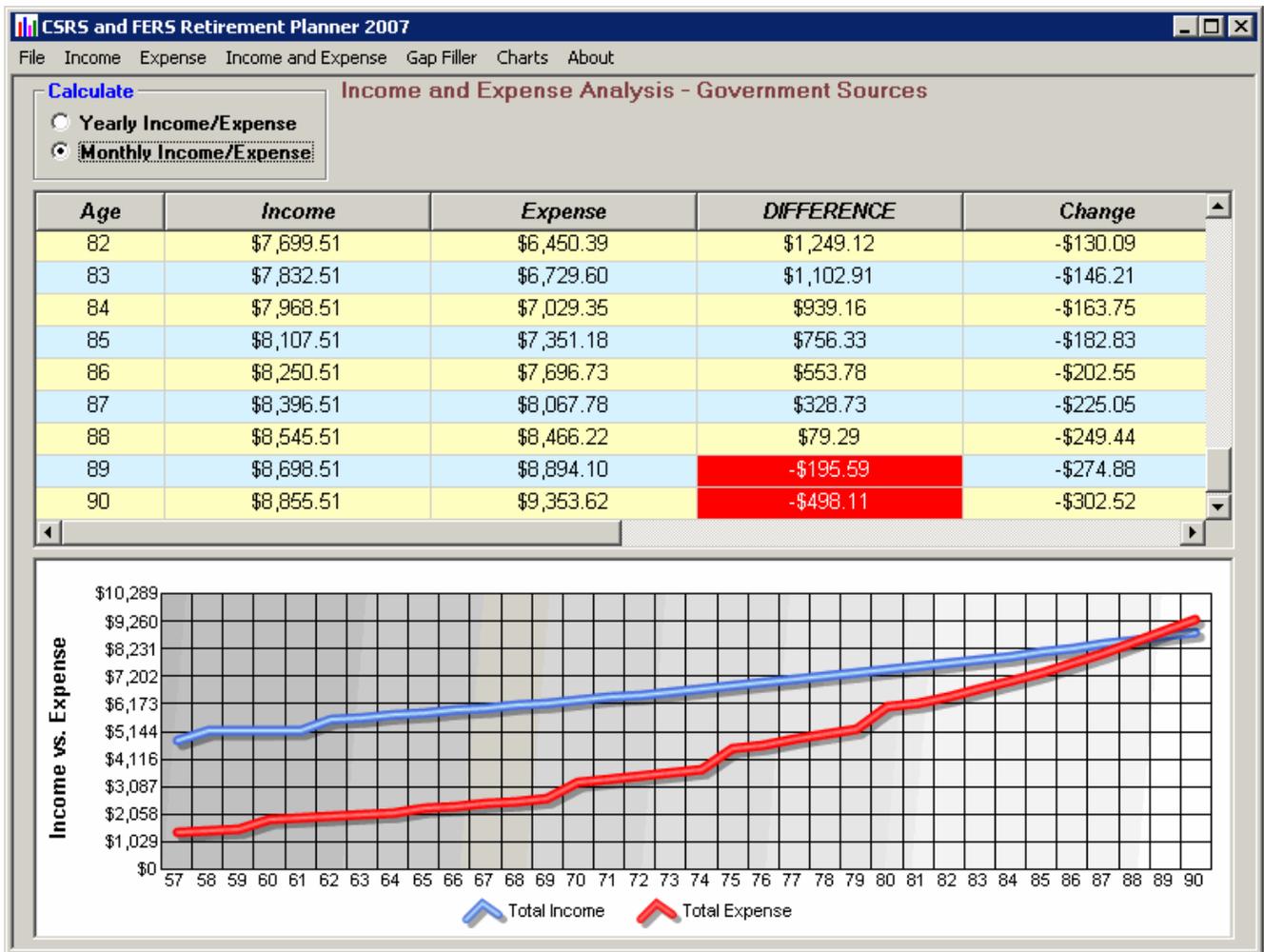
Based on Age 57 – Start Withdrawal:

Number of Payments: 456 (38 years to age 95)

Last Payment Date: 06/2056

Total Monthly Income: \$2,037.51 from TSP savings

At Age 95 (in this example) TSP funds run out



Retirement Planner

Results:

**At Age 95 (in this example) TSP funds run out
 Total Expense becomes greater than Total Income at age 89**

Monthly Amount

Fixed Amount (Preserve Savings)

CSRS and FERS Benefits Calculator - [Thrift Savings Plan (TSP)]

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Contributions Growth **Withdrawal**

Withdrawal Options

Lump Sum
 Monthly Payments
 Annuity

Monthly Payments

Payments
 Monthly Amount
 Life Expectancy

> Three types: (1) the number of monthly payments, (2) the monthly amount, or (3) IRS life expectancy table calculations.
 > Mandatory 20% income tax withholding if payments last less than 10 years

> You determine the monthly payment you want to receive
 > You receive payments until entire account balance is paid to you
 > Monthly payments must be greater than \$25

Calculate Payment

Payments: 456
 Amount: \$1,800.00
 Last Payment: 06-2056

Distribute Savings into Funds in Percentages Shown

	C	F	G	I	S
L Income	12.00	6.00	74.00	5.00	3.00
Totals	Funds Balance at Beginning of Withdrawal				
\$365,399.00	\$43,847.88	\$21,923.94	\$270,395.26	\$18,269.95	\$10,961.97
	Monthly Amount Drawn from Each Fund				
\$1,800.00	\$216.00	\$108.00	\$1,332.00	\$90.00	\$54.00
	Amount Remaining at the End of the Payment Period				
\$687,760.34	\$337,476.21	\$33,429.08	\$71,710.96	\$82,404.49	\$162,739.60

Benefits Calculator

Monthly Payments Withdrawal

Amount Saved: \$365,399 at retirement

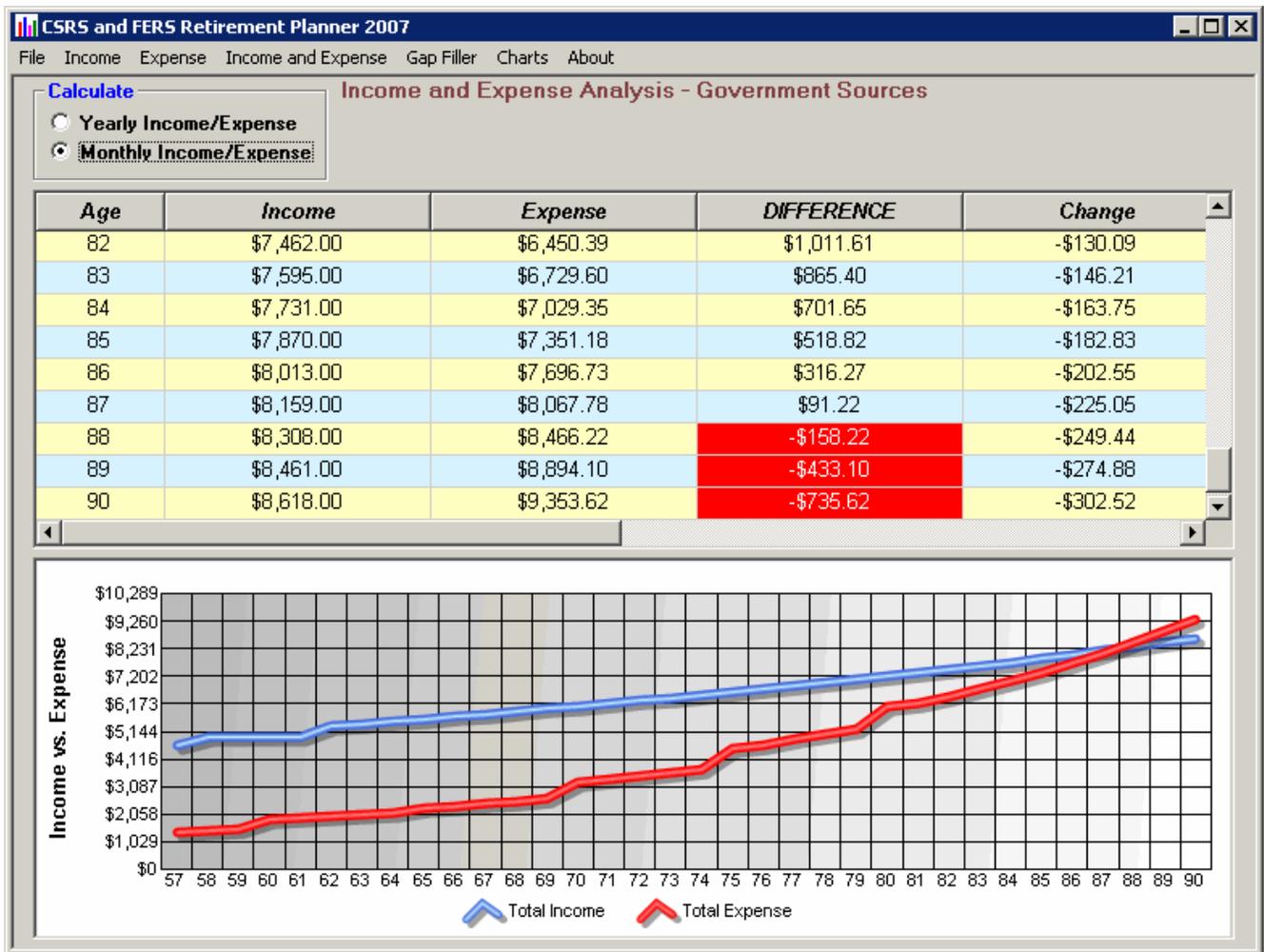
Based on Age 57 – Start Withdrawal:

Number of Payments: 456 (38 years to age 95)

Last Payment Date: 06/2056

Total Monthly Income: \$1,800 from TSP savings

At Age 95 (in this example) TSP funds remaining \$687,760



Retirement Planner

Results:

**At Age 95 (in this example) TSP withdrawal stops,
TSP funds remaining \$687,760 at age 95, and
Total Expense becomes greater than Total Income at age 88**

Summary

		<i>Withdrawal Method</i>		
		IRS	Payment	Monthly Payment
A	Savings at start of withdrawal	\$365,399	\$365,399	\$365,399
B	Monthly withdrawal	\$2,287.93	\$2,037.51	\$1,800
C	Withdrawal period (months)	322	456	456
D	Total amount withdrawn	\$736,391	\$929,105	\$820,800
E	Remaining TSP savings at end of withdrawal period	\$26	\$84	\$687,760
D+E		\$736,417	\$929,189	\$1,508,560