



THRIFT SAVINGS PLAN

# HIGHLIGHTS

July 2017

## 5 Mistakes You Might Be Making with Your TSP Account (And What to Do About Them)

The idea of retiring can be exciting; however, retirement planning can be a bit intimidating. Even the best-laid plans can fall by the wayside, and even the most committed retirement savers can make a few mistakes if they don't have the right information.

The following mistakes can cost you, but can be easily avoided with a bit of forethought:

**You don't have a plan.** One of the biggest mistakes you can make when retirement planning is not having a plan at all. Do you know how much you need to save? Do you know how much income you'll need in retirement? Whatever your vision of retirement is, you should carefully plan and budget for it. After all, you could spend 30 years or more in retirement, so you'll want to plan and save enough to fund that part of your life.

**Solution:** Start now! Estimate how much money you'll need after you stop working, set a goal, and then stick to it. To help you plan for a comfortable retirement, check out our calculators on [tsp.gov/PlanningTools](http://tsp.gov/PlanningTools).

**You don't get the match.** If you're a FERS participant and you're not contributing your own money to your TSP account, you're missing

out on free matching money from your agency. Missing that matching money could be the difference between a comfortable retirement and a difficult one. You receive matching contributions on the first 5% of pay that you contribute each pay period.

**Solution:** Increase your contributions to 5% to keep from losing what could amount to thousands, even tens of thousands, of agency matching dollars over time. To do this, log into your agency's electronic payroll system (for example, Employee Express, myPay, LiteBlue, EBIS, or NFC EPP).

**You don't diversify.** Different types of investments (or asset classes) react in different ways to the same event. If you have all of your money in one place, you risk suffering greater loss if events are not in your favor. While spreading your money across asset classes will not eliminate the risk of loss altogether, it is a proven strategy that can help minimize your risk as you pursue your retirement goals. The saying, "Don't put all of your eggs in one basket," applies to many things, including your investments.

**Solution:** Consider investing in the TSP's Lifecycle (L) Funds. They are a professionally designed mix of investments that offer a diversification



solution if you don't have the time, interest, or experience to create a portfolio using our individual funds. Learn more about our L Funds by viewing the "TSP Investment Options: The Lifecycle Funds" video at [youtube.com/tsp4gov](http://youtube.com/tsp4gov).

**You chase the market.** It's nearly impossible to predict which direction the market is going to move, or when. An investment strategy of timing the market means you have to be correct twice: when you get out of a particular investment and when you get back in. Most investment experts agree that consistently getting it right both times is unlikely over long periods. And you'll pay a price for bad timing—significant movements can occur rapidly in the stock and bond markets. By the time you react to a situation, the market may be moving (or may have already moved) in the opposite direction.

TSP Website: [tsp.gov](http://tsp.gov)  
ThriftLine: 1-877-968-3778  
Outside the U.S. and Canada: 404-233-4400  
TDD: 1-877-847-4385

[fb.com/tsp4gov](https://fb.com/tsp4gov)

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[youtube.com/tsp4gov](https://youtube.com/tsp4gov)

**Solution:** Stick to your plan. Remember, you are in this for the long term. If you’ve selected your investments based on your goals and tolerance for risk, you should be able to leave them alone when the market swings.

**You don’t protect your account from fraud.** Criminals use clever schemes to defraud millions of people every year. Fraud can have a substantial and devastating impact on your financial health. As a TSP participant, you should know how to protect your account against various types of fraud. Private parties offering assistance with your TSP account have not been

approved, endorsed, sponsored, or authorized by the Federal Retirement Thrift Investment Board. The TSP will never contact you by email, telephone, or mail asking you to provide sensitive personal information such as your account number, Social Security number, password, or PIN.

**Solution:** Be alert. If you’re unsure whether correspondence or telephone calls claiming to be from the TSP are authentic, do not provide any personal or financial information. Contact us directly at 1-877-968-3778 and choose option 3 to speak to a Participant Service Representative if you have questions or if you need to

report any suspicious activity involving your TSP account. For more tips, visit [tsp.gov/protect](https://tsp.gov/protect).  
  
Planning and saving for retirement can seem complicated for some people. Whether retirement is a few decades away or just around the corner, the goal is to make steady progress in the right direction as you prepare for life after work. Avoiding these costly mistakes could help you better navigate the way to the retirement that you desire.

Rates of Return and Expenses										
	L 2050	L 2040	L 2030	L 2020	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
Rates of Return as of April 30, 2017										
Year-to-Date	1.91%	1.70%	1.48%	1.04%	0.61%	0.20%	0.23%	1.90%	2.16%	2.89%
1-Year	16.38	14.57	12.69	9.36	5.17	1.83	1.64	20.09	30.22	11.31
3-Year	6.73	6.34	5.82	4.86	3.42	2.05	3.03	10.92	8.24	1.05
5-Year	10.52	9.64	8.65	7.13	4.06	1.92	2.46	14.15	13.66	6.37
2016 Administrative Expenses										
Gross	.052%	.052%	.052%	.052%	.052%	.052%	.052%	.052%	.051%	.053%
Net <sup>1</sup>	.038%	.038%	.038%	.038%	.038%	.038%	.038%	.038%	.038%	.039%
Other Expenses <sup>2</sup>										
	.012%	.011%	.009%	.007%	.003%	.000%	.017%	.004%	.041%	.014%
<p>The returns for the TSP funds represent net earnings after the deduction of administrative expenses and, in the cases of the F, C, S, I, and L Funds, after deduction of trading costs and investment management fees as of April 30, 2017. (For more recent returns, visit “Fund Performance” at <a href="https://tsp.gov">tsp.gov</a>.) Additional information about the TSP funds; their related indexes; and their respective monthly, annual, and 10-year returns can be found in the TSP Fund Information sheets or by visiting “Fund Performance” at <a href="https://tsp.gov">tsp.gov</a>.</p> <p><b>Additional information about the TSP core funds:</b> The Government Securities Investment (G) Fund contains government securities; the Fixed Income Index Investment (F) Fund contains government, corporate, and asset-backed bonds; the Common Stock Index Investment (C) Fund contains stocks of large and medium-sized U.S. companies; the Small Capitalization Stock Index Investment (S) Fund contains stocks of small to medium-sized U.S. companies; and the International Stock Index Investment (I) Fund contains stocks from more than 20 developed countries.</p> <p><sup>1</sup> Net administrative expenses are the expenses charged to TSP participants per dollar invested in the respective funds after offsetting gross administrative expenses with account forfeitures and loan fees.</p> <p><sup>2</sup> Fees associated with securities lending are not included in 2016 administrative expenses. Consistent with standard practice in the industry, they are charged in addition to administrative expenses. The other expenses represent fees paid to the investment manager for administering securities lending programs. Income earned from these programs improved the returns of the funds.</p>										