



Your TSP Account

A Guide for Beneficiary Participants

Benefits



Investment Options

Table of Contents

The Thrift Savings Plan	1
TSP Advantages	1
Your Personal TSP Information	1
Beneficiary Participant Account Number	1
Web Password	1
ThriftLine PIN	1
Customized User ID	2
Combining Your TSP Accounts	2
Investing in the TSP	3
The Lifecycle (L) Funds	3
The Individual Funds	3
Fund Risks	4
Choosing Your Own Investment Mix	4
Interfund Transfers	5
Making an Interfund Transfer	5
Administrative Expenses	5
Comparison of the TSP Funds	6
TSP Withdrawals	7
Withdrawal Options	7
Requesting Your Withdrawal	7
Receiving Your Withdrawal	7
Taxes on Your TSP Withdrawal	7
Required Minimum Distributions (RMDs)	8
Death Benefits	9
Designating a Beneficiary	9
Reviewing Your Beneficiaries	9
Payment of Death Benefits From Your Account	9
TSP Information	9
TSP Website (tsp.gov)	9
ThriftLine	10
Account Security	10
Your Account Balance	10
Your Participant Statements	10
Updating Your Information	10
Court Orders and Legal Processes	10
TSP Administration	10
Glossary of Terms	11
Resources for Beneficiary Participants	13

The Thrift Savings Plan

This booklet provides you with an overview of the Thrift Savings Plan (TSP) and the rules that apply to beneficiary participant accounts. The TSP is a retirement benefit that allows employees of the U.S. government and members of the uniformed services to increase their retirement income by participating in a long-term savings and investment plan. It is similar to “401(k)” plans available to many private sector employees.

When a TSP participant dies, his or her account is distributed according to the *Designation of Beneficiary* form (Form TSP-3) on file with the TSP or, if no form is on file, according to a statutory order of precedence (see page 9).

If you are a **spouse beneficiary** of a deceased civilian or uniformed services TSP participant’s account, and your share of the balance in the TSP account is \$200 or more, we will establish a beneficiary participant account in your name.

Note: If you are the spouse beneficiary and your share of the balance in the TSP participant’s account is less than \$200, your share will be paid directly to you. You will not be able to remain in the TSP.

At the time your account is established, we will send you a welcome letter. This letter provides information about how your account is initially invested and what you can expect from the TSP. Be sure to read it carefully and let us know immediately if any of the personal data included in the letter is incorrect.

TSP Advantages

As the owner of a TSP beneficiary participant account, you’ll enjoy many benefits including the following:

- Tax-deferred growth of earnings on traditional contributions
- Tax-deferred growth of earnings on Roth contributions (which are tax-free when withdrawn if IRS requirements are met; see page 8)
- Low administrative and investment expenses
- A diversified choice of investment options
- The ability to transfer to an existing civilian or uniformed services TSP account if you have one
- A variety of withdrawal options

You will not be able to make contributions to, borrow from, or transfer money into your beneficiary participant account.

Your Personal TSP Information

There are several pieces of information you will need to manage your beneficiary participant account easily and efficiently.

Beneficiary Participant Account Number

Your welcome letter will contain your 13-digit TSP beneficiary participant account number. You can also find your account number on your quarterly and annual participant statements.

Your TSP beneficiary participant account number is our primary means of identifying your account and cannot be changed. Use this number or the customized user ID you choose (see page 2) when accessing your account on tsp.gov or the ThriftLine.

If you forget your account number, you can use the TSP website or the ThriftLine to request to have it mailed to you.

Web Password


As soon as your account is established, we will mail you a web password you can use to log into the My Account section of tsp.gov. You can change your password at any time on the website.

If you lose your web password, you can request a new one from the My Account section of tsp.gov or receive one immediately by calling the ThriftLine and choosing option 3 to speak to a Participant Service Representative.

ThriftLine PIN

Shortly after we establish your account, you will receive a Personal Identification Number (PIN) in the mail. You

can use your PIN with your beneficiary participant account number to access account information and perform certain transactions on the ThriftLine. You can change your PIN at any time on the ThriftLine. If you forget your PIN, you can request a new one on the ThriftLine.



Your ThriftLine PIN is encrypted in the TSP system and is not accessible to TSP representatives. For security reasons, we will only mail your PIN to your address of record. We will not send it through email.

Customized User ID

Although you cannot change your beneficiary participant account number, we encourage you to create a customized user ID to log into your account through tsp.gov. This customized user ID will not be valid for the ThriftLine or any other TSP purpose.

Once you have established your user ID, you can change it whenever you wish. Instructions are available at tsp.gov. If you forget your user ID, you can log into My Account with your beneficiary participant account number and web password and create a new user ID.

Combining Your TSP Accounts

If you have an existing TSP account from your own employment with the federal government or the uniformed services, you can move your beneficiary participant account into your existing TSP account. The money that you move will be treated as an employee contribution, but it will not be subject to the Internal Revenue Code (IRC) annual elective deferral limit, which limits the amount of regular tax-deferred and Roth contributions you can make to the TSP in a calendar year.

In general, once you combine your beneficiary participant account with your existing TSP account, your beneficiary participant account money will be subject to the rules that govern the account to which it was moved. An important exception is the application of a “Roth Initiation Date,”—the date of the first Roth contribution—which is used to calculate whether earnings on Roth contributions qualify to be paid out tax-free. If Roth contributions were made to both

accounts, the Roth Initiation Date that will apply to your combined account is the earlier of the two, even if the earlier date was associated with the beneficiary participant account. If only one of the accounts contains Roth money, the Roth Initiation Date associated with that account becomes the date for your combined account.

In addition, when you transfer your beneficiary participant account into your own TSP account, distributions of Roth earnings are qualified (paid tax-free) if **5 years have passed since January 1 of the calendar year when the first Roth contribution was made**. However, once the money is moved out of the beneficiary participant account, the following additional rule applies for the earnings to be qualified: **You must be at least age 59½, permanently disabled, or deceased.**

If your beneficiary participant account resulted from a uniformed services account, you may have tax-exempt money in it as a result of contributions from combat pay. If you are combining your beneficiary participant account with a civilian TSP account, tax-exempt contributions in your traditional balance will not be transferred over. In this case, the tax-exempt funds will be distributed directly to you. Check your quarterly or annual statement to determine whether you have tax-exempt money in your account.

Important: If you are under age 59½, you may want to wait before combining accounts. With some exceptions, withdrawals from a civilian or uniformed services account taken before the age of 59½ are subject to a 10% penalty tax. There is no early withdrawal penalty tax for withdrawals from a beneficiary participant account. Once you transfer your beneficiary participant account into your other TSP account, the early withdrawal penalty will apply to **all** of the money in the account, including the money that came from your beneficiary participant account, if you later make an early withdrawal.

To make the request to combine accounts, call the ThriftLine and speak to a Participant Service Representative.

You cannot move an existing TSP account into your beneficiary participant account. And if you have more than one beneficiary participant account, you cannot combine them with each other, but you can move multiple beneficiary participant accounts into your own TSP account. Also, if you have an IRA or other retirement plan, you will not be able to transfer or roll over those funds into your beneficiary participant account.

Investing in the TSP

When your beneficiary participant account is first established, its balance is no longer invested according to any previously selected investment allocation. Instead, the entire balance is invested in the Lifecycle (L) Fund most appropriate for your age. This remains in place unless you make an “interfund transfer” (see page 5).


The TSP offers you two approaches to investing your money:

The L Funds—These are “Lifecycle” funds that are invested according to a professionally designed mix of stocks, bonds, and government securities. You select your L Fund based on your “time horizon,” the future date at which you plan to start withdrawing your money. Depending on your plans, this may be right away or some time in the future.

Individual Funds—You can make your own decisions about your investment mix by choosing from any or all of the individual TSP investment funds (G, F, C, S, and I Funds).

These investment options are designed so you can choose either the L Fund that is appropriate for your time horizon, or a combination of individual TSP funds that will support your personal investment strategy. However, you may invest in any fund or combination of funds. **Note:** Because the L Funds are already made up of the five individual funds, you will duplicate your investments if you invest simultaneously in an L Fund and the individual TSP funds.

The Lifecycle (L) Funds



The L Funds are an easy option if you don't have the time or experience to manage your beneficiary participant account.


The TSP offers L Funds based on your time horizon. (Your time horizon is the date when you expect to withdraw your money.)

The optimal L Fund is the one that most closely matches the year you expect to start withdrawing money from your TSP account.

If you are currently receiving income from your TSP account or plan to start withdrawing in the very near future, consider the L Income Fund. It is designed to focus primarily on preserving the assets in your account.

If your entire account is in one of the L Funds, you will not have to worry about rebalancing it based on your time horizon.

The assumption underlying the L Funds is that the longer your time horizon, the more risk you are able to tolerate while seeking higher returns. The funds automatically adjust to become more conservative as the time horizon approaches.



Each L Fund invests in a mix of the five individual TSP funds. The mix is chosen by experts based on each fund's time horizon. The L Funds' asset allocations are designed to achieve the highest expected rate of return for the amount of risk taken.

If the time horizon is a long time from now, the L Fund will be more exposed to risky assets, i.e., stocks (C, S, and I Funds). As time horizons shorten, the allocations gradually shift toward less volatile government securities.

Each L Fund is automatically rebalanced, generally each business day, to restore the fund to its intended investment mix. Each quarter, the funds' asset allocations are adjusted to slightly more conservative investments. When an L Fund reaches its designated time horizon, it will roll into the L Income Fund, and a new fund will be added with a more distant time horizon.

Investing in the L Funds does not eliminate risk, and the funds are not guaranteed against loss. The L Funds are subject to the risks inherent in the underlying funds and have periods of gain and loss.

Detailed information about each L Fund is available on tsp.gov.

The Individual Funds

The TSP has five individual investment funds:

The Government Securities Investment (G) Fund—The G Fund is invested in short-term U.S. Treasury securities. It gives you the opportunity to earn rates of interest similar to those of long-term government securities with no risk of loss of principal. Payment of principal and interest is guaranteed by the U.S. government. The interest rate paid by the G Fund securities is calculated monthly, based on the market yields of all U.S. Treasury securities with four or more years to maturity.

The Fixed Income Index Investment (F) Fund—The F Fund is invested in a separate account that is managed to track the Bloomberg Barclays U.S. Aggregate Bond Index. This is a broad index representing the U.S.

government, mortgage-backed, corporate, and foreign government (issued in the U.S.) sectors of the U.S. bond market. This fund offers you the opportunity to earn rates of return that exceed money market fund rates over the long term (particularly during periods of declining interest rates).

The Common Stock Index Investment (C) Fund—The C Fund is invested in a separate account and tracks the Standard & Poor’s 500 (S&P 500) Index. This is a broad market index made up of the stocks of 500 large to medium-sized U.S. companies. It offers you the potential to earn the higher investment returns associated with equity investments.

The Small Capitalization Stock Index (S) Fund—The S Fund is invested in a stock index fund that tracks the Dow Jones U.S. Completion Total Stock Market (TSM) Index. This is a market index of small and medium-sized U.S. companies that are not included in the S&P 500 Index. It offers you the opportunity to earn potentially higher investment returns that are associated with “small cap” investments. The S Fund has greater volatility than the C Fund.

International Stock Index Investment (I) Fund—The I Fund is invested in a stock index fund that tracks the MSCI EAFE (Europe, Australasia, Far East) Index. This is a broad international market index made up of primarily large companies in more than 20 developed countries. It gives you the opportunity to invest in international stock markets and to gain a global equity exposure in your portfolio.

Because the TSP funds are trust funds that are regulated by the Office of the Comptroller of the Currency and not by the Securities and Exchange Commission (SEC), they do not have ticker symbols (i.e., unique identifiers assigned to securities, including mutual funds, registered with the SEC). You can, however, obtain additional information about the underlying indexes that certain TSP funds track:

TSP Fund	Index TSP Fund Tracks
F Fund	Bloomberg Barclays U.S. Aggregate Bond Index
C Fund	Standard & Poor’s 500 Stock Index
S Fund	Dow Jones U.S. Completion Total Stock Market (TSM) Index
I Fund	MSCI EAFE Index

The chart on page 6 compares these five funds and provides more information about each. For more information, you can also obtain a copy of the *TSP Fund Information* sheets from tsp.gov.

Fund Risks

There are various types of risk associated with the TSP funds. There is no risk of investment loss in the G Fund. However, investment losses can occur in the F, C, S, and I Funds. Because the L Funds are invested in the individual TSP funds, they are also subject to the risks to which those underlying funds are exposed. These risks include the following:

Credit risk—The risk that a borrower will default on a scheduled payment of principal and/or interest. This risk is present in the F Fund.

Currency risk—The risk that the value of a currency will rise or fall relative to the value of other currencies. Currency risk occurs with investments in the I Fund because of fluctuations in the value of the U.S. dollar in relation to the currencies of the countries in the EAFE index.

Inflation risk—The risk that your investments will not grow enough to offset the effects of inflation. This risk is present in all five funds.

Market risk—The risk of a decline in the market value of the stocks or bonds. This risk is present in the F, C, S, and I Funds.

Prepayment risk—A risk associated with the mortgage-related securities in the F Fund. During periods of declining interest rates, homeowners may refinance their high-rate mortgages and prepay the principal. The F Fund must reinvest the cash from these prepayments in current bonds with lower interest rates, which lowers the return of the fund.

Choosing Your Own Investment Mix

If you decide not to invest in the L Funds and you would rather choose your own investment mix from the G, F, C, S, and I Funds, remember that your investment allocation is one of the most important factors affecting the growth of your account. If you prefer this approach, keep the following points in mind:

Consider both risk and return. Over a long period of time, the F Fund (bonds) and the C, S, and I Funds

(stocks) have higher potential returns than the G Fund (government securities). But stocks and bonds also carry the risk of investment losses, which the G Fund does not.

You need to be comfortable with the amount of risk you expect to take. Your investment comfort zone should allow you to use a “buy and hold” strategy so that you are not chasing market returns during upswings, or abandoning your investment strategy during downswings.


You can reduce your overall risk by diversifying your account. The five individual TSP funds offer a broad range of investment options, including government securities, bonds, and domestic and foreign stocks. Generally, it's best not to put “all of your eggs in one basket.”

The amount of risk you can sustain depends upon your investment time horizon. The more time you have before you need to withdraw your account, the more risk you can take. (This is because early losses can be offset by later gains.)

Periodically review your investment choices. Check the distribution of your account balance among the funds to make sure that the mix you chose is still appropriate for your situation. If not, rebalance your account to get the allocation you want. You can rebalance your account by making an interfund transfer.

Interfund Transfers

An interfund transfer moves the money in your account among the TSP investment funds. When you make an interfund transfer, you choose the new percentage you want invested in each fund. You cannot move specific dollar amounts among the funds.



You cannot move specific types of money among the TSP funds. For example, if you have traditional and Roth balances in your account, your interfund transfer will move a proportional amount from each type of money into the funds that make up your new investment allocation.

Each calendar month, your first two interfund transfers may redistribute money in your account among any or all of the TSP funds. After the first two, your interfund transfers can only move money into the G Fund (in which case, you will increase the percentage of your account held in the G Fund by reducing the percentage held in one or more of the other TSP funds). If you have more than one TSP account, these rules apply to each account separately.

Making an Interfund Transfer

Once you've decided on your investment approach, you can make an interfund transfer at tsp.gov or by calling the ThriftLine (using the automated system or speaking with a TSP Participant Service Representative). You will need your beneficiary participant account number (or customized user ID) and your web password for the website or Personal Identification Number (PIN) for the ThriftLine.

Interfund transfers made before 12 noon eastern time are generally processed that business day. You will receive a confirmation of your transaction.

Administrative Expenses

TSP expenses (i.e., the cost of administering the Plan) include the costs of operating the TSP's recordkeeping system, providing participant services, and the printing and mailing of notices, statements, and publications.

These expenses are paid from the forfeitures of Agency/Service Automatic (1%) Contributions of certain TSP participants who leave federal/military service before they are vested (entitled to keep them), other forfeitures, loan fees, and—because those forfeitures are not sufficient to cover all of the TSP's expenses—earnings on participants' accounts.

The effect of administrative expenses (after forfeitures) on earnings of the G, F, C, S, and I Funds is expressed as a net expense ratio for each fund. The expense ratio for a fund is the total administrative expense charged to that fund during a specific period, divided by that fund's average balance for that period.

Since the L Funds do not have any unique administrative expenses, they do not have any additional charges. Therefore, the L Fund administrative expense ratios are weighted averages of the expense ratios of the G, F, C, S, and I Funds.

Your share of TSP net administrative expenses is based on the size of your account balance. If the G Fund's net expense ratio is, for example, .040%, that means your earnings are reduced by 40 cents per \$1,000 of your G Fund balance. You can find the current expense ratio for TSP funds at tsp.gov.

Comparison of the TSP Funds

The chart below provides a comparison of the available TSP funds. For more detailed information about each fund, see the *TSP Fund Information* sheets (available at tsp.gov).

	G Fund	F Fund*	C Fund*	S Fund*	I Fund*	L Funds**
Description of Investments	Government securities (specially issued to the TSP)	Government, corporate, and mortgage-backed bonds	Stocks of large and medium-sized U.S. companies	Stocks of small to medium-sized U.S. companies not included in the C Fund	International stocks of more than 20 developed countries	Invested in the G, F, C, S, and I Funds
Objective of Fund	Interest income without risk of loss of principal	To match the performance of the Bloomberg Barclays U.S. Aggregate Bond Index	To match the performance of the Standard & Poor's 500 (S&P 500) Stock Index	To match the performance of the Dow Jones U.S. Completion TSM Index	To match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index	To provide professionally diversified portfolios based on various time horizons, using the G, F, C, S, and I Funds
Risk (See page 4)	Inflation risk	Market risk, credit risk, prepayment risk, inflation risk	Market risk, inflation risk	Market risk, inflation risk	Market risk, currency risk, inflation risk	Exposed to all of the types of risk to which the individual TSP funds are exposed—but <i>total</i> risk is reduced through diversification among the five individual funds
Volatility	Low	Low to moderate	Moderate	Moderate to high	Moderate to high	Asset allocation shifts as time horizon approaches to reduce volatility
Types of Earnings***	Interest	Change in market prices Interest	Change in market prices Dividends	Change in market prices Dividends	Change in market prices Change in relative value of currency Dividends	Composite of earnings in the underlying funds
Inception Date	April 1, 1987	January 29, 1988	January 29, 1988	May 1, 2001	May 1, 2001	August 1, 2005

* The F, C, S, and I Funds also have earnings from securities lending income and from temporary investments in G Fund securities. These amounts represent a very small portion of total earnings.

** Each of the L Funds is invested in the individual TSP funds (G, F, C, S, and I). The proportion of your L Fund balance invested in each of the individual TSP funds depends on the L Fund you choose.

*** Income from interest and dividends is included in the share price calculation. It is not paid directly to participants' accounts.

TSP Withdrawals

You are allowed to keep your beneficiary participant account as long as you like. With the exception of required minimum distributions (see page 8), you can keep your money invested in this account without making withdrawals. But if you do decide to take money out, you have a number of options. This section provides a brief summary. Be sure to read the TSP booklet *Withdrawing From Your TSP Account for Separated and Beneficiary Participants* and the TSP tax notice *Important Tax Information About Payments From Your TSP Account* for more information. Both can be found at tsp.gov.

Withdrawal Options

There are three basic methods of withdrawing money from your beneficiary participant account:

- TSP installment payments (a fixed dollar amount or one based on life expectancy)
- single withdrawals (\$1,000 minimum)
- annuities (purchased for you from our annuity vendor; \$3,500 minimum)

You can choose any of these options **or any combination** of them.

In addition, if you have both Roth and traditional money in your account, you can choose to have your payment come from your traditional balance only, from your Roth balance only, or pro rata (proportionally) from both balances. Pro rata from both balances is the default option. Note that if you choose traditional only or Roth only for installments, your payments will continue after your chosen balances runs out. At that point your payments will begin coming from the balance you did not choose.

For single withdrawals and some TSP installment payments, you can also transfer payments to an IRA or eligible employer plan.¹

When considering your withdrawal options, use the calculators at tsp.gov to estimate TSP installment payments or annuity payments. You should also consider consulting a tax professional before making any decisions.

¹ TSP installment payments based on life expectancy and those expected to last 10 years or more are not eligible to be transferred.

Requesting Your Withdrawal

Once you've read the TSP booklet *Withdrawing From Your TSP Account for Separated and Beneficiary Participants* and the TSP tax notice *Important Tax Information About Payments From Your TSP Account* and are ready to request a withdrawal, log into My Account at tsp.gov. Once you've logged in, click on the "Withdrawals and Changes to Installment Payments" link on the menu. From there you'll have access to an online tool with which to start your withdrawal.

Depending on your circumstances and the type of withdrawal you request, you may be able to complete your transaction entirely online. If your signature or your spouse's signature is required, you're purchasing an annuity, or you're transferring any part of your withdrawal, you won't be able to complete the process entirely online. You'll be given a summary of your request, which you—and your spouse or financial institution if necessary—will need to sign, have notarized, and then mail or fax to us.

Receiving Your Withdrawal

You should allow up to 10 days from the time you submit your completed withdrawal request until the time payment is sent. We will notify you when your payment has been disbursed. You can check My Account on tsp.gov or call the ThriftLine to find out the status of your request.

Be advised that while your withdrawal request is being processed, the money you have invested in any of the TSP's stock or bond funds is subject to fluctuation due to changes in market prices and interest rates. If you want to completely eliminate your exposure to risk of loss while we process your request, you can request an interfund transfer to invest your account in the Government Securities Investment (G) Fund (see page 3).

Taxes on Your TSP Withdrawal

When you withdraw your money from the TSP, you will owe taxes on any **traditional** (tax-deferred) contributions in your withdrawal (except contributions made from tax-exempt pay), and the earnings they have accrued. You can continue to defer taxes by transferring or rolling over your TSP withdrawal payment to a traditional IRA or an eligible employer plan. You can also transfer your payment to a Roth IRA. In this case, we will report the amount of tax-deferred money as income received by you during the year of the transfer, and you will have to pay taxes on it in the year of the transfer.

If your withdrawal includes tax-exempt contributions from your traditional balance, you will not have to pay taxes on that money. However, you will have to pay taxes on the earnings on these contributions when withdrawn.

If you have **Roth** contributions in your withdrawal, taxes have already been paid on them, so you will not owe additional taxes on that portion when you withdraw it. You will also not owe taxes on their earnings **if** they are “qualified.” Earnings on Roth contributions become qualified when 5 years have passed since January 1 of the calendar year in which the deceased TSP participant made his or her first TSP Roth contribution. If your earnings are not qualified, you can defer paying taxes on them by leaving your money in the TSP.

You can also defer paying taxes by transferring or rolling over your withdrawal payment(s) to a Roth IRA or Roth account maintained by an eligible employer plan. However, once you transfer the money out of your beneficiary participant account, the rules for a qualified distribution from that money will also change. A distribution will only be considered “qualified” and paid out tax-free if 5 years have passed since January 1 of the calendar year when the first Roth contribution was made **AND** you are at least age 59½, permanently disabled, or deceased.

If you purchase an annuity, using the pro rata method (funds come proportionally from both traditional and Roth), the annuity vendor will calculate the taxable and nontaxable portion of each payment based on the proportion of your account that was used to purchase the annuity.

You can log into My Account on tsp.gov to see the breakdown of your account into traditional, Roth, and tax-exempt funds. You can also check your quarterly or annual statement for this information.

Be aware that withdrawals from your beneficiary participant account are reported as death benefit payments to the IRS on the 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*

The tax rules that apply to distributions from your TSP beneficiary participant account are complex. For more information, refer to the tax notice *Important Tax Information About Payments From Your TSP Account*, which is available at tsp.gov or by calling the ThriftLine. You may also want to consult with a tax advisor or the IRS before you make any withdrawal decisions.

Required Minimum Distributions (RMDs)

The Internal Revenue Code (IRC) requires that you begin receiving annual distributions from your beneficiary participant account according to its required minimum distribution rules. These rules require you to receive a certain portion of your account each year based on your life expectancy. The required minimum distribution rules apply to both Roth and traditional (non-Roth) portions of your account.

The date on which you must begin receiving required minimum distributions (RMDs) depends on whether the deceased participant died **before or on/after** his or her “required beginning date.” The required beginning date is defined as April 1 of the year following the year a participant reaches age 72, or separates from government service, whichever is later.

If your spouse died before his or her required beginning date, you, as the beneficiary, must begin receiving annual RMDs by either December 31 of the year the deceased participant would have turned 72 or December 31 of the year following the year the participant died, whichever is later. You must continue to receive distributions by December 31 of each subsequent year. We will base all of your RMDs on your age, not your spouse’s.

If your spouse died on or after his or her required beginning date, you, as the beneficiary, must begin receiving required minimum distributions by December 31 of the year of the participant’s death unless the participant had already received that year’s RMD. That first year’s RMD will be calculated based on your spouse’s age. You must continue to receive RMDs based on your age in each of the years that follow.

IMPORTANT NOTE: If your spouse was born before July 1, 1949, substitute age 70½ for age 72 in the explanation above.

The RMD rules are complex. You can find more detailed information about them in the TSP tax notice *Tax Information About TSP Withdrawals and Required Minimum Distributions for Beneficiary Participants*.

Death Benefits

In the event of your death, the funds in your beneficiary participant account cannot remain in the TSP. Unless you designate otherwise, your account will be distributed according to the following order of precedence:²

1. To your spouse
2. If none, to your child or children equally, with the share due any deceased child divided equally among that child's descendants
3. If none, to your parents equally or to your surviving parent
4. If none, to the appointed executor or administrator of your estate
5. If none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death

As used here, “child” means either a biological child or a child adopted by the participant. It does not include your stepchild unless you have adopted the child. Nor does it include your biological child if that child has been adopted by someone other than your spouse.


“Parents” does not include stepparents who have not adopted you.

Designating a Beneficiary

If you want to have your account distributed in some other way, you can designate a person or persons, your estate, a charitable organization, a trust, or another legal entity to receive your beneficiary participant account after your death. To designate a beneficiary or beneficiaries, submit Form TSP-3, *Designation of Beneficiary*, available at tsp.gov. **For us to honor it, a valid Form TSP-3 must be on file with us at the time of your death. We cannot honor a will or any other document.**

Note: Your beneficiary designation applies to your entire account. If you have both Roth and traditional balances, you cannot make separate beneficiary designations for each one.

² Exception: If you request an annuity and you die before the annuity payments begin, the amount used to purchase the annuity will be returned to us. We will distribute this money consistent with your annuity beneficiary designation if your requested annuity option required one.



By law, we must pay your properly designated beneficiary or use the statutory order of precedence. Therefore, if your life situation changes, you may want to file a new *Designation of Beneficiary* form that cancels or changes your current beneficiary designation.

Reviewing Your Beneficiaries

When you make a beneficiary designation for your beneficiary participant account, you will receive a confirmation of your primary designation(s) in the mail. We will notify you if your designation cannot be processed.

Payment of Death Benefits From Your Account

Death benefit payments made from your beneficiary participant account must be paid **directly** to your beneficiary(ies). These payments are subject to certain tax restrictions and **cannot** be transferred or rolled over into an IRA or eligible employer plan. In addition, your beneficiary(ies) will have to pay the full amount of taxes on the taxable portions of the payment in the year it is received. Your beneficiaries will not owe taxes on Roth contributions, qualified earnings on Roth contributions, and tax-exempt contributions in the account. For detailed information about the rules associated with death benefit payments, read the TSP tax notice *Important Information About Thrift Savings Plan Death Benefit Payments*. You may also want to consult a tax advisor.

In order for your beneficiaries to receive your account balance after your death, they (or their representatives) must complete Form TSP-17, *Information Relating to Deceased Participant*, and send it to us along with a copy of the certified death certificate.

Once we process this information and determine the beneficiaries for your account, we will contact them with additional information and instructions.

TSP Information

TSP Website (tsp.gov)

The TSP website has the most current TSP information and materials (e.g., forms, rates of return, share prices, and calculators). You can log into My Account to view personal account information and perform transactions.

ThriftLine (1-877-968-3778)

The toll-free ThriftLine is our automated telephone service. It has information such as plan news, share prices, and annuity rates. You can use your beneficiary participant account number and Personal Identification Number (PIN) to access your account and perform certain transactions. You also have the option to speak with a Participant Service Representative. Monday to Friday from 7 a.m. to 9 p.m. eastern time.

Account Security

We take many steps to keep your account secure. We provide you with a beneficiary participant account number, a web password, a ThriftLine PIN, and the opportunity to create a customized user ID to use instead of your account number. It is important that you also do your part to protect your account by keeping this information secure. Do not reveal it to anyone or store it where anyone can find it.

Your Account Balance

Your account balance (expressed in both dollars and shares) is available in the My Account section of tsp.gov and on the ThriftLine. Your account balance is updated at the end of each business day based on that day's closing share prices and any transactions processed that night.

Your Participant Statements

We issue quarterly and annual participant statements. Your first quarterly beneficiary participant account statement will be mailed to you. You can view or print subsequent quarterly statements from tsp.gov or request to have them mailed to you. Your quarterly statements cover all transactions in your account since the previous statement.

Your annual statement summarizes the financial activity in your account for the previous calendar year and provides other important information such as your personal investment performance, the performance of the TSP funds, and expense ratios. We post this statement on the website and, unless you request to receive only electronic annual statements, also mail it to you. If you choose to receive your annual statements electronically, you will receive an annual package in the mail with a message from the Executive Director. Therefore, it is important that you keep your address up to date with us.

Check your statements carefully, and, if you see any information you believe is not correct, follow up with us.

Updating Your Information

You can correct your address by logging into My Account on tsp.gov. You can also make corrections by calling or writing us.

To update your beneficiary information or change your beneficiary(ies), complete a new Form TSP-3, *Designation of Beneficiary*, and send the form directly to us.

Court Orders and Legal Processes

Your beneficiary participant account can be divided in an action for divorce, annulment, or legal separation, or garnished to satisfy a legal process associated with past-due alimony, child support obligation, IRS tax levy, or victims restitution pursuant to the Mandatory Victims Restitution Act (MVRA). For more details, read the TSP booklet *Court Orders and Powers of Attorney* and the TSP tax notice *Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders*.

TSP Administration

Management. The Federal Retirement Thrift Investment Board (Agency) is an independent government agency that administers the TSP. It is managed by a presidentially appointed five-member Board and an Executive Director chosen by the Board.

The Agency's recordkeeper handles the day-to-day maintenance and administration of all TSP accounts and assists participants with specific types of TSP-related problems or questions.

Law. The TSP is established under the Federal Employees' Retirement System Act of 1986 and is codified primarily under Chapter 84 of title 5, United States Code (USC). By law, the assets in the TSP are held in trust for each individual participant.

The TSP is treated as a qualified trust and is exempt from taxation (see 26 USC § 7701(j)). Its regulations are published in Chapter VI of title 5 of the Code of Federal Regulations.

Audits. By law, the TSP must be audited annually. You can obtain a copy of the most current audited financial statement from frtib.gov or by writing to the TSP.

Glossary of Terms

Account Balance—The sum of the dollar amounts in each TSP investment fund for an individual account. The dollar amount in each investment fund on a given day is the product of the total number of shares in that fund multiplied by the share price for that fund on that day.

Account Number—The 13-digit number that the TSP assigns to a participant to identify his or her TSP account.

Annuity—Guaranteed monthly income for the life of the TSP beneficiary participant (or survivor if a joint annuity). These payments are issued directly by the annuity provider.

Beneficiary Participant—A spouse beneficiary of a deceased civilian or uniformed services TSP participant who has an account established in his or her name.

Bond—A debt security issued by a government entity or a corporation to an investor from whom it borrows money. The bond obligates the issuer to repay the amount borrowed (and, traditionally, interest) on a stated maturity date.

Contribution—A deposit made to the TSP by a civilian or uniformed services participant through payroll deduction or on behalf of the participant by his or her agency or service.

Credit Risk—The risk that a borrower will not make a scheduled payment of principal and/or interest.

Currency Risk—The risk that the value of a currency will rise or fall relative to the value of other currencies. Currency risk could affect investments in the I Fund because of fluctuations in the value of the U.S. dollar in relation to the currencies of the more than 20 countries in the EAFE index.

Customized User ID—A combination of letters, numbers, and/or symbols that you can create to use instead of your TSP account number to log into the My Account section of the TSP website. The user ID cannot be used on the ThriftLine as a substitute for the account number.

Designation of Beneficiary—The beneficiary participant's formal indication of who should receive the money in his or her account in the event of his or her death. Participants must use Form TSP-3, *Designation of Beneficiary*. (A will is not valid for the disposition of a participant's TSP account.)

Disburse (or Distribute)—To pay out money, as from the TSP.

Eligible Employer Plan—A plan qualified under Internal Revenue Code (IRC) § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an IRC § 403(a) annuity plan; an IRC § 403(b) tax-sheltered annuity; and an eligible IRC § 457(b) plan maintained by a government employer.

Fixed Income Investments—Generally refers to bonds and similar investments (considered debt instruments) that pay a fixed amount of interest.

Index—A broad collection of stocks or bonds that is designed to match the performance of a particular market. For example, the Standard & Poor's 500 (S&P 500) is an index of large and medium-sized U.S. companies.

Index Fund—An investment fund that attempts to track the investment performance of an index.

Inflation Risk—The risk that investments will not grow enough to offset the effects of inflation.

Installment Payments—See "TSP Installment Payments."

Interfund Transfer (IFT)—An IFT allows the beneficiary participant to redistribute all or part of his or her TSP account among the different TSP funds. For each calendar month, the participant's **first two** IFTs can redistribute money in his or her account among any or all of the TSP funds. After that, for the remainder of the month, the participant's IFTs can **only** move money into the Government Securities Investment (G) Fund (in which case, the participant will increase the percentage of his or her account held in the G Fund by reducing the percentage held in one or more of the other TSP funds).

IRS Life Expectancy Tables—When you withdraw your account, if you choose to have the TSP calculate monthly payments based on life expectancy, the TSP will use the IRS Single Life Table, Treas. Reg. § 1.401(a)(9)-9, Q&A-1.

Market Risk—The risk of a decline in the market value of stocks or bonds.

My Account—The secure section of the TSP website, where you can log into your account to find out your account balance or perform certain transactions.

Participant Statements—Statements that are made available to each TSP participant after the end of each of the first three calendar quarters and after the end of each calendar year. All statements show the participant's account balance (in both dollars and shares) and the transactions in his or her account since the previous statement. Annual statements also summarize the financial activity in the participant's account during the year covered and provide other important account data such as the participant's personal investment performance, primary beneficiary information, and an account profile.

Personal Identification Number (PIN)—A number that beneficiary participants can use (in conjunction with their TSP account number) to access their account on the ThriftLine. The initial PIN is computer-generated and is sent shortly after the beneficiary participant's account is set up by the TSP.

Required Minimum Distribution (RMD)—The amount of money that the IRS requires be distributed to a beneficiary participant each year according to the § 401 (a)(9) of the Internal Revenue Code.

Risk (Volatility)—The amount of change (both up and down) in an investment's value over time.

Roth Balance—The portion of your account made up of Roth (after-tax) money contributed by your deceased spouse, along with the accrued earnings. Portions of this money may have originated from tax-exempt pay.

Roth IRA—An individual retirement account that is described in § 408A of the Internal Revenue Code (IRC). A Roth IRA provides tax-free earnings. You can transfer traditional (pre-tax) money into a Roth IRA, but you must pay taxes on the funds you transfer to a Roth IRA; the tax liability is incurred for the year of the transfer.

Securities—A general term describing a variety of financial instruments, including stocks and bonds.

Single Withdrawal—A withdrawal made at one time, sometimes referred to as a "lump sum."

Stocks—Equity securities issued as ownership in a publicly held corporation.

Tax-Exempt Contributions—Contributions that your deceased spouse made to his or her traditional balance from tax-exempt pay. Such contributions can be made to the TSP by members of the uniformed services from pay that is covered by the combat zone tax exclusion.

ThriftLine—The TSP's automated voice response system. It provides general news about the TSP and allows beneficiary participants to access certain information and perform some transactions over the telephone. You can also use the ThriftLine to contact Participant Service Representatives at the TSP. To access your account through the ThriftLine, you will need your TSP account number and ThriftLine PIN.

Time Horizon—The investment time you have until you need to use your money.

Traditional Balance—The portion of your account made up of your deceased spouse's pre-tax (and any tax-exempt) TSP contributions, plus agency contributions and accrued earnings.

Traditional IRA—A traditional individual retirement account described in § 408(a) of the Internal Revenue Code (IRC), or an individual retirement annuity described in IRC § 408(b). (It does not include a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).)

TSP Installment Payments—Payments that the beneficiary participant elects to receive either monthly, quarterly, or annually from his or her TSP account.

Uniformed Services Members—**1.** Active-duty members of the Army, Navy, Air Force, Marine Corps, and Coast Guard. **2.** Members of the Ready Reserve and National Guard in any pay status. **3.** Active-duty members of the commissioned corps of the National Oceanic and Atmospheric Administration and the commissioned corps of the Public Health Service.

User ID—See "Customized User ID."

Volatility—See "Risk."

Withdrawal—A general term for a disbursement that a participant requests from his or her account.

Resources for Beneficiary Participants

TSP forms and materials are available at tsp.gov or from the toll-free ThriftLine at 1-877-968-3778 or the TDD at 1-877-847-4385. (Callers outside the U.S. and Canada who cannot use the toll-free numbers should call 404-233-4400.)

TOPIC	WHERE TO GET INFORMATION
Account Balance	tsp.gov ; ThriftLine; quarterly or annual participant statement
Account Number	Page 1; Welcome letter
Address (change of)	Page 10
Bankruptcy	Fact Sheet: <i>Bankruptcy Information</i>
Court Orders and Legal Processes	Page 10; TSP Booklet: <i>Court Orders and Powers of Attorney</i> ; Tax Notice: <i>Tax Treatment of TSP Payments Made Under Qualifying Orders</i>
Customized User ID	Page 2
Death Benefits	Page 9; Tax Notice: <i>Important Tax Information About TSP Death Benefit Payments</i>
Designation of Beneficiary	Page 9; TSP Booklet: <i>Death Benefits</i> ; Form TSP-3, <i>Designation of Beneficiary</i>
Fund Information for TSP Funds	Page 3; <i>Fund Information</i> sheets (tsp.gov)
Interfund Transfers	Page 5; tsp.gov ; ThriftLine
Participant Statements (quarterly and annual)	Page 10
Required Minimum Distributions (RMD)	Page 8; Tax Notice: <i>Tax Information About TSP Withdrawals and Required Minimum Distributions for Beneficiary Participants</i>
Shares/Share Prices	Fact Sheet: <i>Your Shares in the TSP Funds</i> ; tsp.gov (current and historical prices); ThriftLine (current prices)
ThriftLine Personal Identification Number (PIN)	Page 1
Web Password	Page 1
Withdrawals	Page 7; Tax Notice: <i>Important Tax Information About Payments From Your TSP Account</i> ; Form TSP-99, <i>Withdrawal Request for Separated and Beneficiary Participants</i>

Contact Information

TSP Website: tsp.gov

ThriftLine: 1-877-968-3778
(For calls outside the U.S., Canada, and most U.S. territories, use 404-233-4400.)

TSP Mailing Address: Thrift Savings Plan
P.O. Box 385021
Birmingham, AL 35238

Text Telephone (TDD): 1-877-847-4385

TSP Fax: 1-866-817-5023



TSPBK33 (10/2020)
PREVIOUS EDITIONS OBSOLETE