

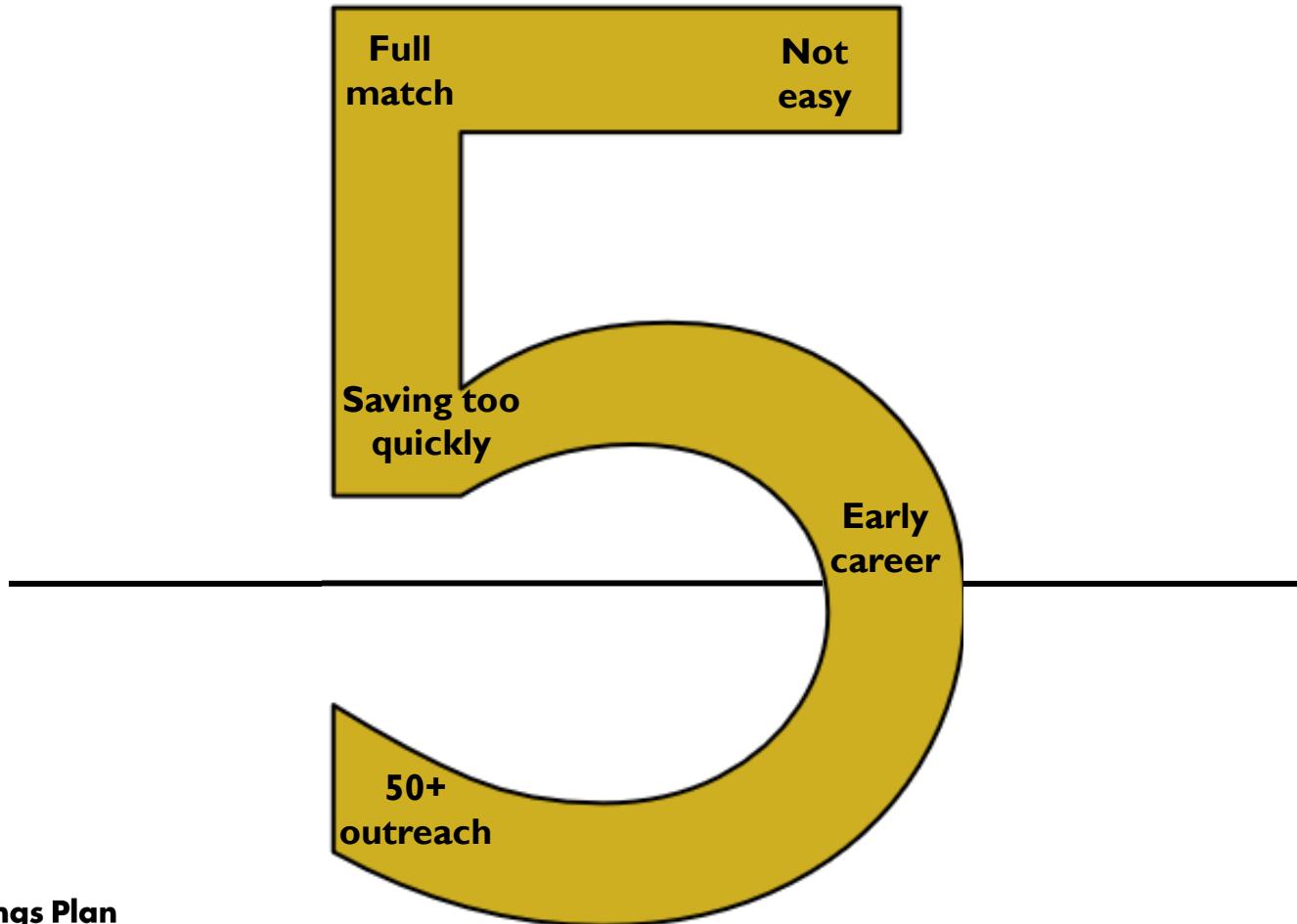
Social Science Update

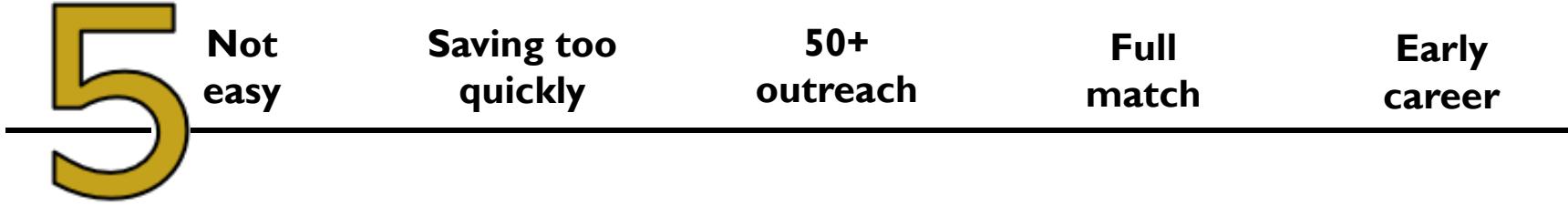
Presented By

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October 22, 2024

The TSP's social science program is 5 years old!





This is complicated work.

Retirement outreach

1.9 million Vanguard participants

Average ~6% response rate
when encouraging people to
save more.

Example effects

Print ads

2010-2014 sales data, 500 brands

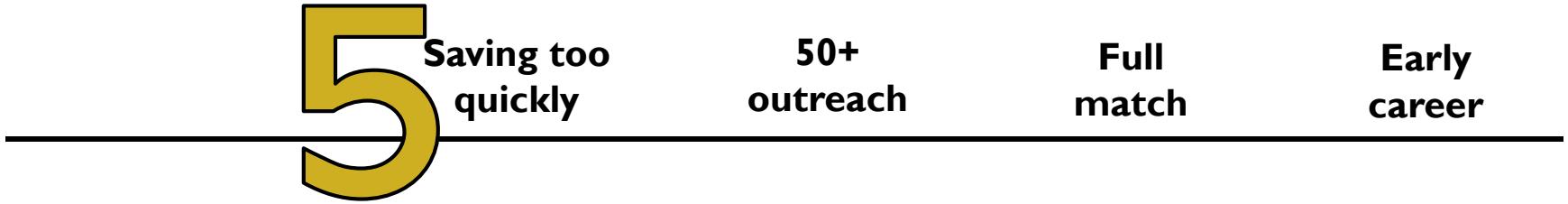
“Doubling the amount of
ads would lead to a ~1%
increase in sales.”

Financial education

168 papers, 201 studies

“Interventions to improve
financial literacy explain
0.1% of ... behaviors.”

Multiple examples of organizations spending millions to achieve response rates above 15%.



7,927 federal employees/uniserv members

All younger than age 50

On track to reach IRS EDL before end of 2023

max out early = contributions stop = **matching ends**

Goal: Adjust saving, get full match all year

check LES, estimate contributions, use calculator, etc.

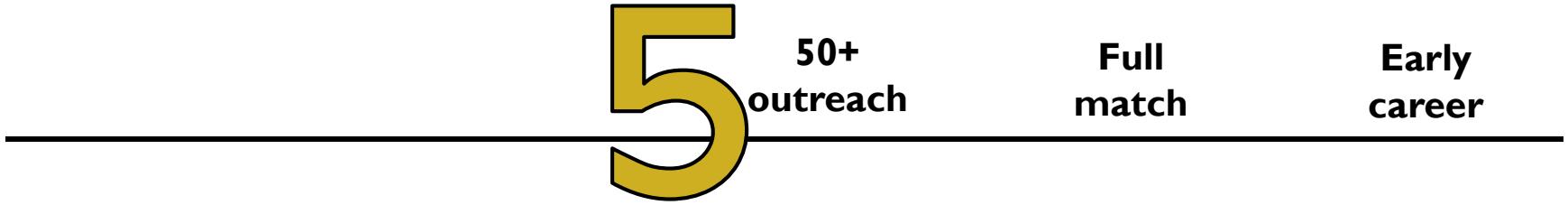
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Saving too quickly

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 \$22,500 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:

2023: 20.3% successfully adjusted and did not miss matching



Reminder (with Office of Participant Experience):

**Series of 4 emails to 16,000 participants in 50s and 60s.
90-97% satisfaction.**

Plus: Those who were active when the series started and have since separated were up to 30% less likely to close their TSP accounts, compared to most recent data for similar ages.

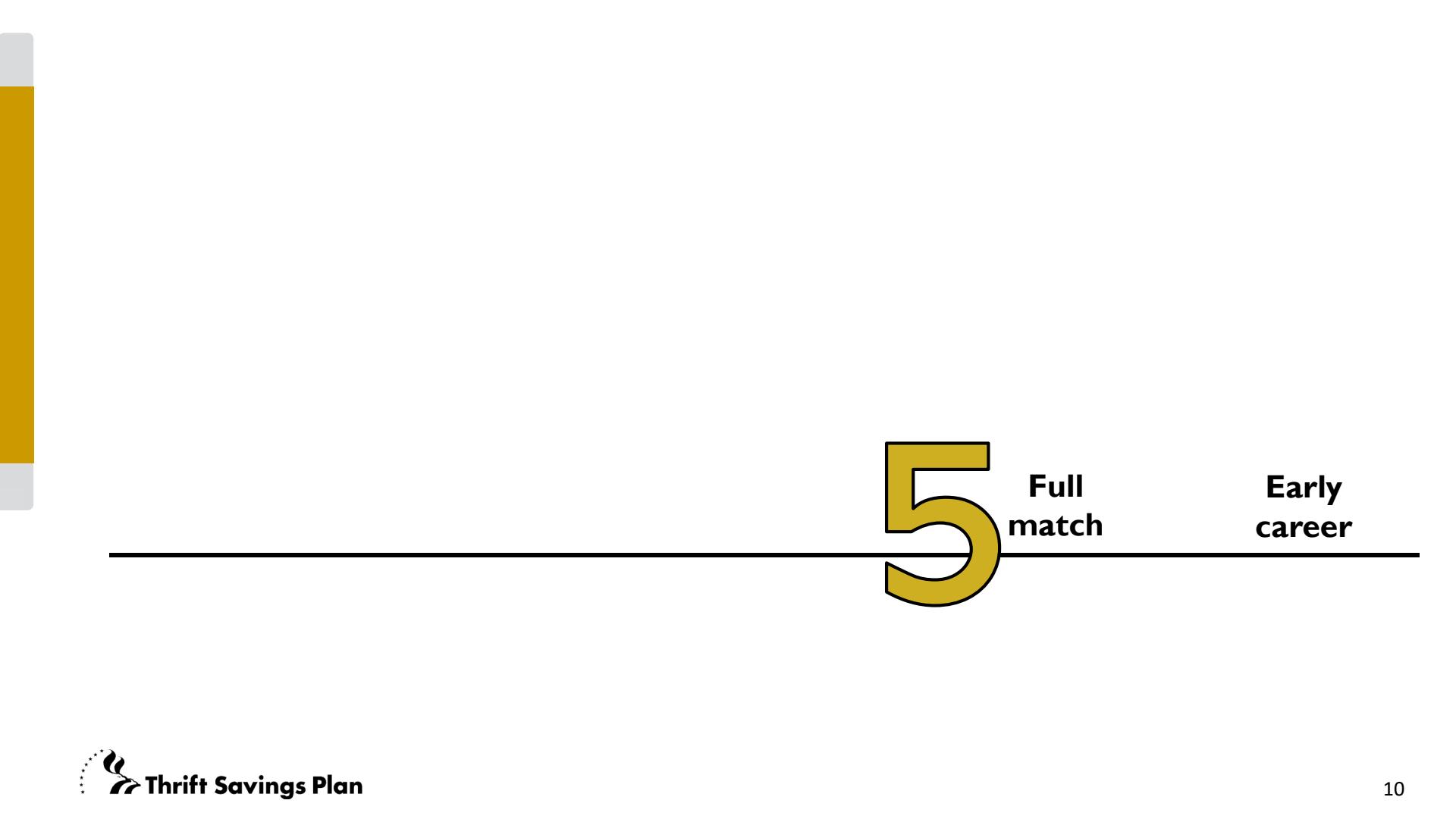
*Includes those separated for 3-7 months at follow-up and is not necessarily causal. We compare to our most recent data for similar ages (55+).

 Thrift Savings Plan

Getting ready for retirement income



When planning for retirement, most of us focus on accumulating enough savings to ensure we have a dependable stream of income once we stop working. But an equally important aspect of



5 Full
match

Early
career



**3,888 federal employees
Below median salary
Contributing 3%
4 groups**

Goal: Increase contributions

5

Full
match



3,888 ppl

Incremental
(1/4)

Bonus
(1/4)

Psychological
Ownership (1/4)

No Email
(1/4)



Full
match

According to our records, you're currently contributing less than 5% of your salary to your TSP retirement account.* But you only get the full "match" from your agency if you contribute **at least 5%** of your pay. When you contribute 5%, your agency contributes a total of 5% too.

Incremental

You're saving around 3% of your salary, according to our estimates, so **you're almost there**. Getting to 5% would be about \$4.50 more per day and could lead to hundreds more in matching each year.

Bonus

For someone earning \$60,000 annually, that's arguably like getting a **\$3,000 bonus**. All you'd need to do is select "5%" as your new contribution amount.

Psychological ownership

Each year, you're missing out on hundreds of dollars in additional matching that **belongs to you**. Why not claim your money?



Incremental: 19%

Bonus: 15%

Ownership: 18%

No email: 8%

p < 0.0001

Median increase: \$180/month

If continued to age 65: ~\$70,000*

*Based on median ages, includes matching, and assumes a 6% annual rate of return compounded monthly.

Over the past 5 years,
we've completed more than a dozen projects
reaching almost 400,000 federal and
uniformed services participants.

More than one-quarter took action after hearing from us,
totaling over \$500 million* more saved.

*Rough estimates as of September 2024 are based on average increases (assuming consistent saving) for participants across select projects, including both employee contributions and matching. Large projects are adjusted for estimated attrition, and we do not include results for some smaller projects. In cases where outreach went to everyone eligible, we count all who made a change. (Proportion who made a change does not include "no email" groups or collaborative tests that did not have a direct call to action.)

5 Early career

Employees younger than 35 = slightly less confident about financial condition; want simple, brief information about starting early.

Led collaboration with Office of Participant Experience and Office of Investments, using a research-based approach.

Spoke to four academics studying financial decision-making (mental accounting, spending attitudes, policy design, and tax education), who shared related insights for younger groups.



GROW with the TSP



Every \$1 that you (or your agency/service) contribute to your TSP account can grow to \$10 in 35 years.* Grow with us.



* Thanks to compound interest, \$1 will grow to \$10 after 35 years assuming a 6.8% annual rate of return with diversified investments.

Welcome email for new hires 35 and under:

- Tied TSP's highest open rates ever (60% on average, 2.5x benchmarks)
- BRS open rates especially exciting

Here are 6 things you need to know about your TSP account:

5%

You were automatically enrolled in the TSP at 5% of your basic pay, and contributions are automatically deducted from your paycheck into your TSP account. You can [change this amount at any time](#). Remember, every \$1 you invest can grow to \$10 in your retirement years!*

[Manage your contributions](#)



You were automatically enrolled in the Lifecycle Fund (L Fund) most appropriate for your age. L Funds offer a [simple, low-maintenance way of investing by diversifying your savings](#) with a mix of the five individual TSP funds. L Funds balance risk and reward and automatically get more conservative as you get closer to retirement.

[Learn about L Funds](#)



You're eligible to receive matching contributions from your agency, which could mean thousands of additional dollars in your TSP account over time. You only [get the full match if you contribute at least 5%](#) of your salary each pay period. And yes, every \$1 your agency contributes can grow to \$10 in 35 years too.*

[Get your free money](#)

Email series for new hires 35 and under:

How the TSP fits with other benefits

Avoiding the pitfalls of early withdrawals

Balancing TSP contributions and student loans

Goal-setting and making a future plan



Myth #3: Social Security is going to run out of money soon.

While it varies based on your circumstances, the Social Security Administration (SSA) estimates that Social Security replaces roughly 40% of your income on average. [use their calculator to help you anticipate what you could be.](#)

With each paycheck, you pay taxes to Social Security ("OASDI"), which go into the Social Security trust funds. The SSA estimates that, under current law, the trust funds will be able to pay benefits for about another decade. So while there may be additional funding, that doesn't mean the system will automatically collapse. Instead, **roughly half of beneficiaries are entitled to would continue to receive benefits under SSA projections.** In other words, your Social Security benefits won't be as much as projected, but it would

(OPM) oversees the [FERS basic annuity](#), and the agency considers how long you work for the federal government. It also considers the highest salary you earned, usually your high-three salary, which is an average of the three consecutive years when your salary is the highest.

Tips to keep your retirement untouched

Create and maintain an emergency fund

Life is unpredictable, so it's smart to build an emergency fund as your financial safety net. This cushion can prevent you from dipping into your retirement savings too soon. It's a easily accessible account to cover unexpected expenses like car repairs, medical bills, or even a sudden loss of income. With an emergency fund, you can handle life's curveballs without compromising your long-term financial goals.

One of the easiest ways to build an emergency fund is to set up recurring automatic transfers from your paycheck into a dedicated savings account at a bank or credit union. Even if you don't have a lot of extra cash, every little bit can go a long way. Most federal payroll systems allow you to contribute to an Employee Personal Page, or Employee Express, which makes it easy to set up one or more allocation—often called "savings allotments"—by logging in and following the prompts.

The balancing act of your TSP and student loans

If you were born between 1981 and 1991, then you may be part of the most educated generation in history. Older millennials (born between those years) are up to 1.5 times as likely to have a college degree than previous generations, according to analysis of recent U.S. Census data. But this group is also more likely to have student debt: millennials in their 30s and early 40s are more than twice as likely to have student loans as late baby boomers at the same age.

So it makes sense if TSP participants in the earlier part of their careers feel squeezed. You have years of salary growth ahead but many expenses competing for your dollars right now. And you've heard that you should be saving for retirement, but it seems so far away.

Put plainly, repaying the minimum amount due on your student loans is not optional, so your budget should include these payments. And when it comes to retirement, try to contribute enough to [get the full match from your agency or service](#)—and even more if you can. If you miss out on compound interest and matching contributions while you're young, it can be very hard to catch up.

tsp.gov/grow

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.



In 15 years

In 25 years

In 35 years

In 45 years

\$1 can grow to...

Final amount	\$19.31	
With full matching	\$38.61	
Average rate of return	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](#)

Questions

