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OFFICE of INVESTOR
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Before You Invest, **Investor.gov**



Your TSP Account:

What to Think About When Nearing
Retirement or Considering Leaving
the Government

October 6, 2020

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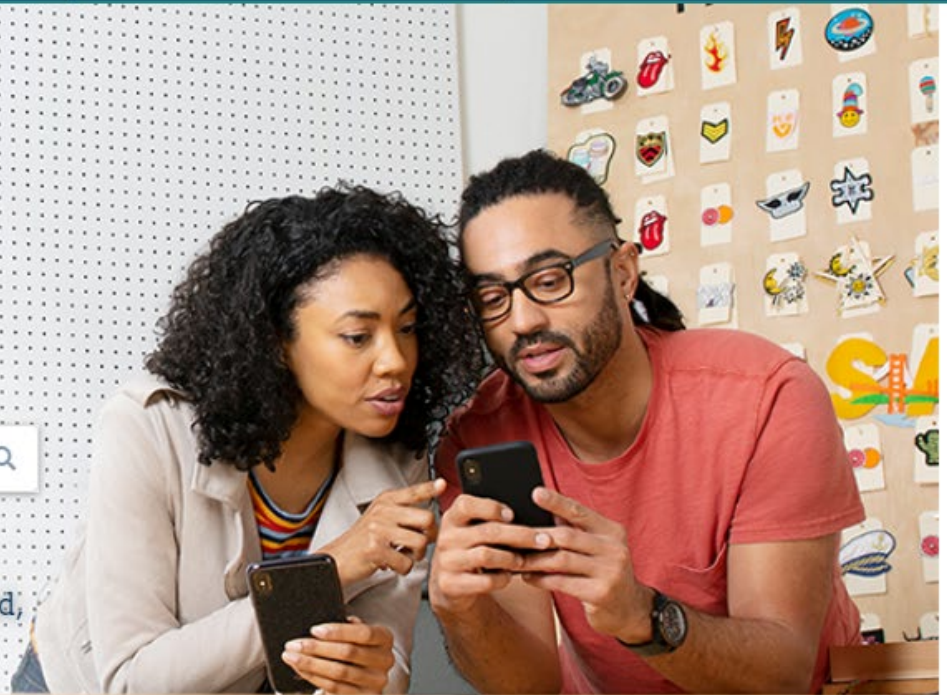
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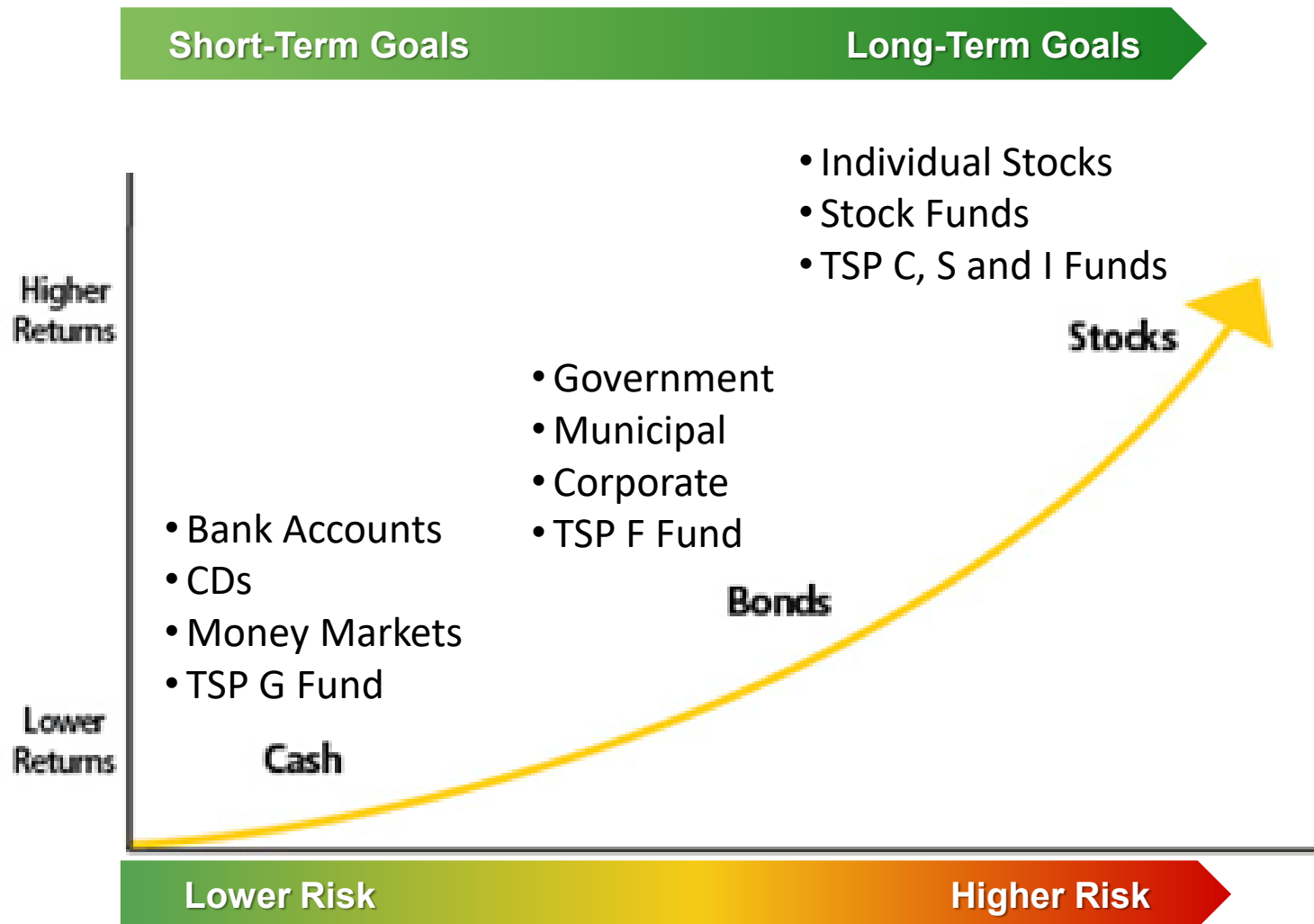
Risk, Fees and Fraud in Investing

Considerations When Retiring or Leaving the Government

All Investments Have...



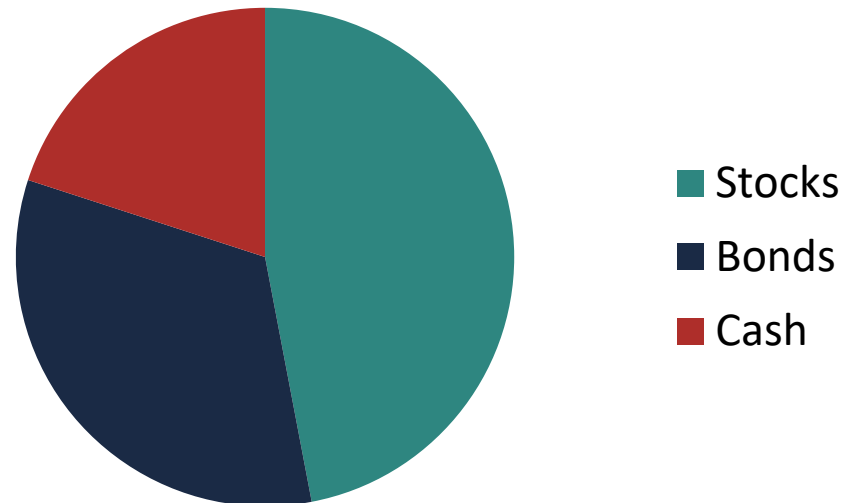
Investment Risks/Returns



Asset Allocation

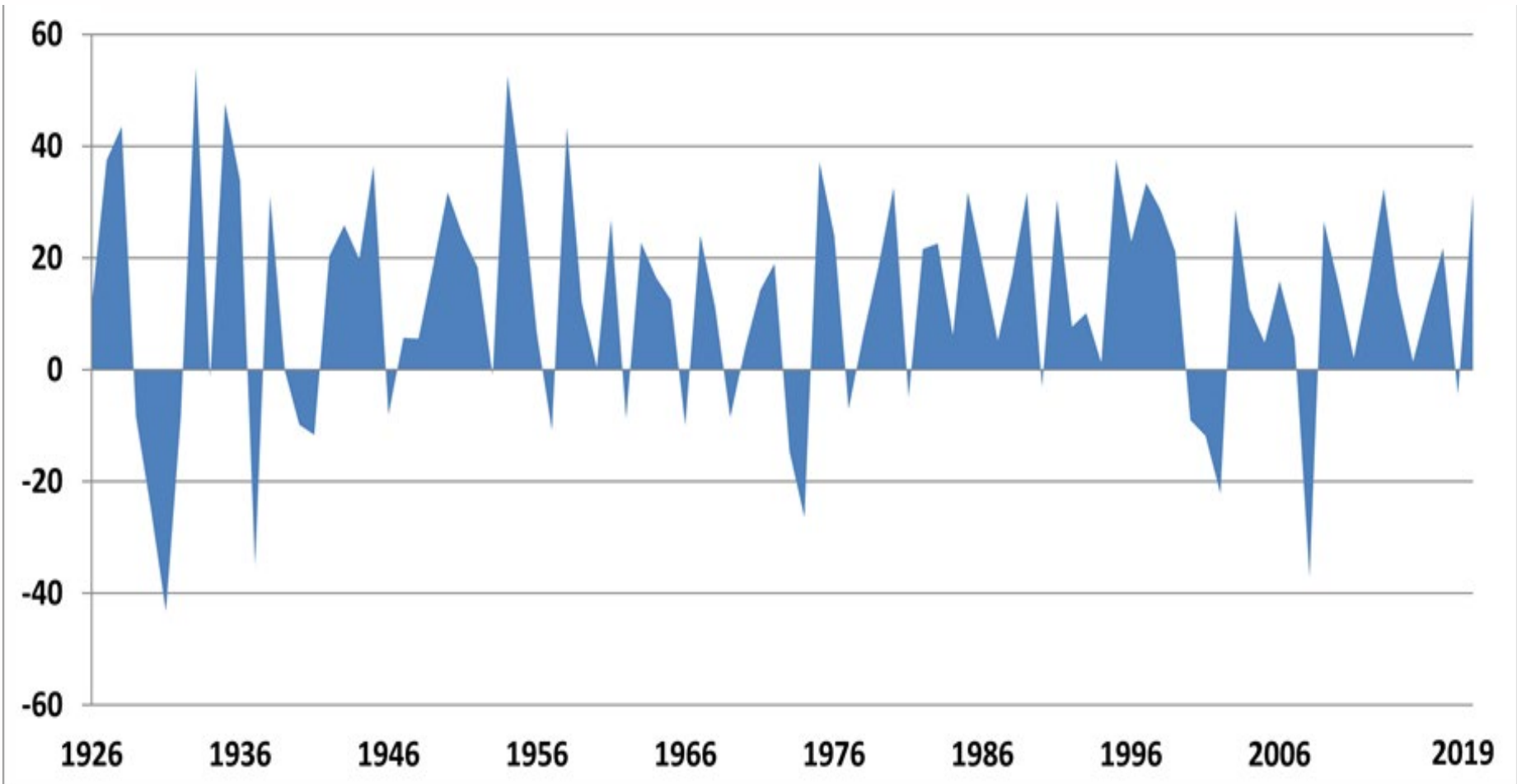
Asset allocation involves dividing an investment portfolio among different asset categories, such as stocks, bonds, and cash

Sample Portfolio

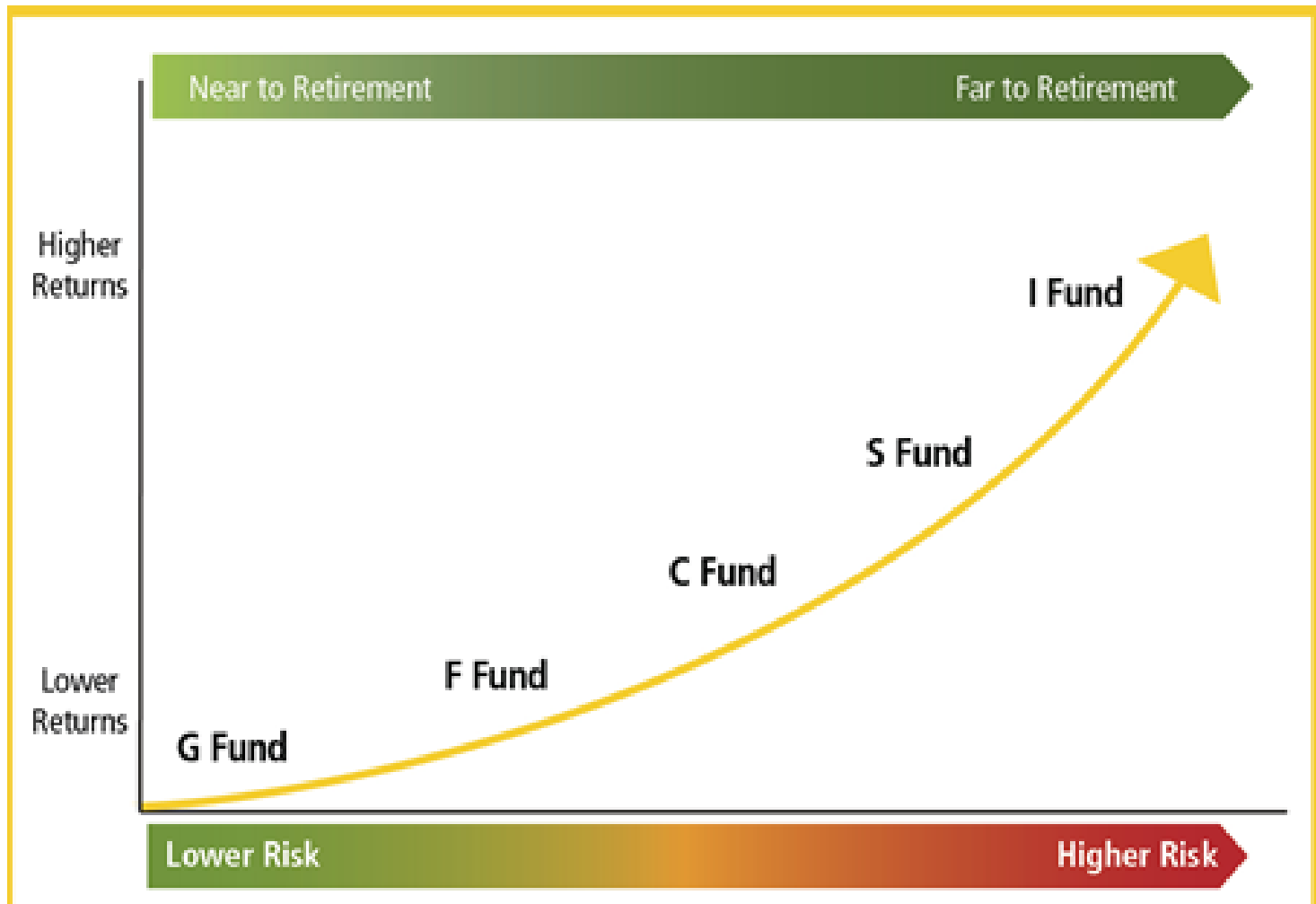


Time: Friend or Foe?

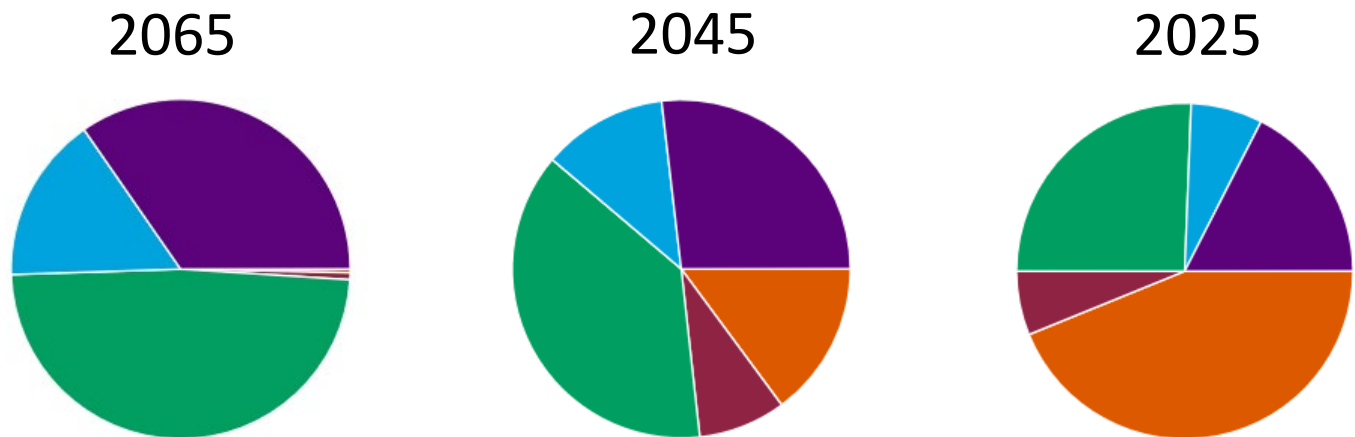
U.S. Large Stock Performance (1926-2019)



TSP – Risk and Returns



TSP L Fund Asset Allocations



Risk allocation changes based on your expected retirement date

- G Fund
- F Fund
- C Fund
- S Fund
- I Fund

Managing Risk

Manage risk with asset allocation and diversification



Diversification with Mutual Funds and ETFs

Pools of money invested by a fund in stocks, bonds or other securities

Benefits of funds:

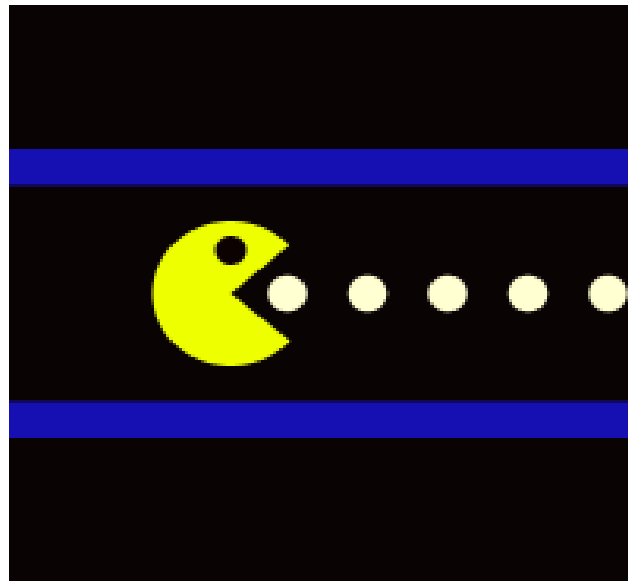
- Diversification
- Professional management
- Affordability
- Liquidity



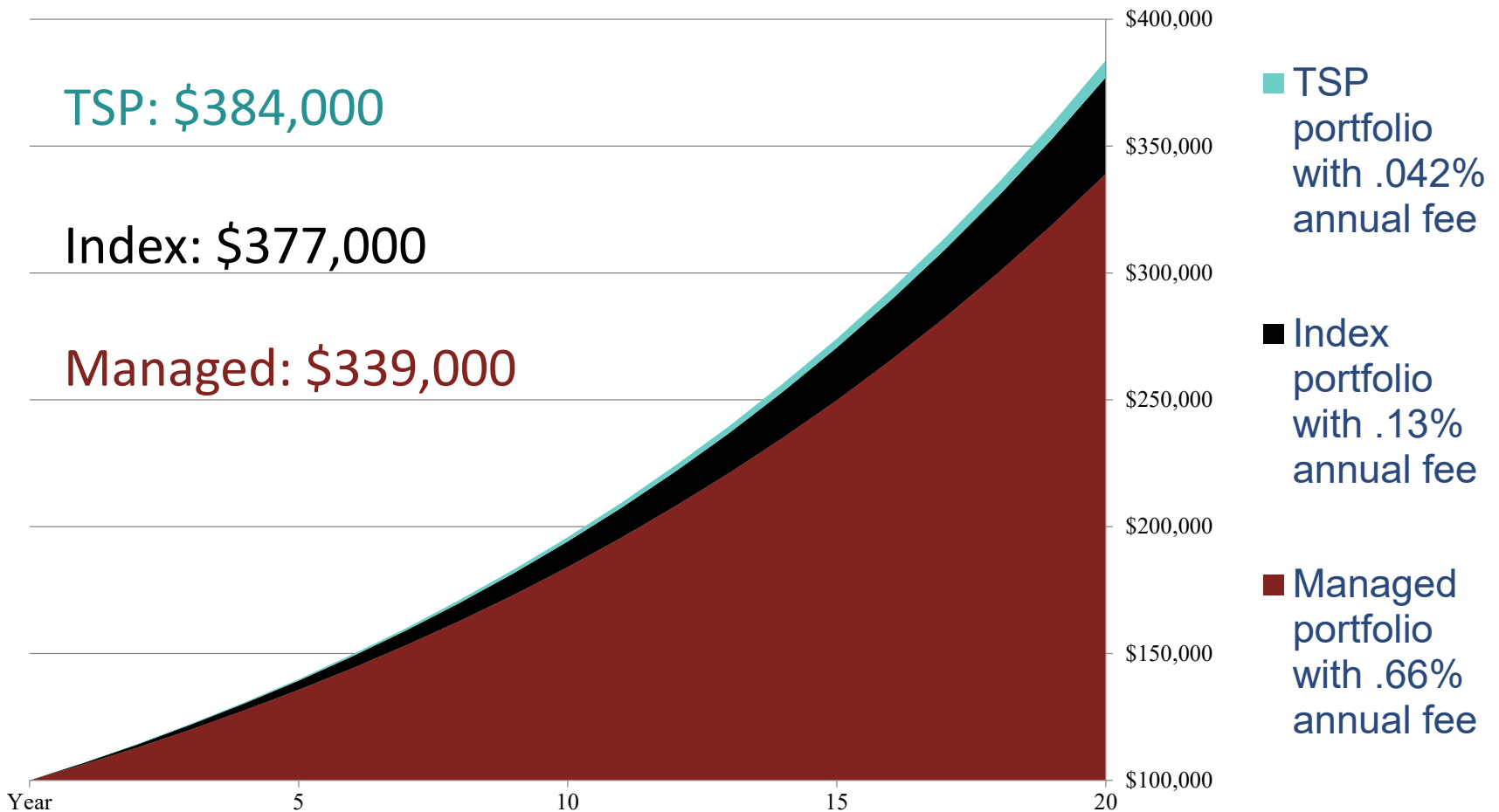
Use mouse wheel to zoom in and out. Drag zoomed map to pan it. Double-click a ticker to display detailed information in a new window. Hover mouse cursor over a ticker to see its main competitors in a stacked view with a 3-month history graph.

Fees

All investments have fees. And they matter.



Growth of \$100k Invested Over 20 Years Depending on Fees



Five Questions to Ask About Fees

- What are the total fees to purchase, maintain and sell this investment?
- Are there ways to reduce or avoid some of these fees?
- Are there similar products that I can purchase that have lower fees?
- How much does this investment have to increase in value before I break even?
- What are the ongoing fees to maintain my account?

FINRA Fund Analyzer

The screenshot shows the FINRA Fund Analyzer website. At the top, the title "Fund Analyzer" is displayed in a large blue font, with "by FINRA" in a smaller font below it. The background features a light blue grid with faint financial data, including a bar chart on the left and a line graph at the bottom. Below the title, the text "Analyze and compare the cost of owning funds" is centered. A search bar is positioned below this text, containing the placeholder "Search by Fund Name, Family, Ticker or Keywords" and a red "SEARCH" button. Underneath the search bar, a line of text reads: "By clicking SEARCH or otherwise using the Fund Analyzer, I agree to the [Fund Analyzer Terms of Use](#)." Below this, there are three navigation options: "Filtered Search" with a funnel icon, "Favorites" with a heart icon, and "Help" with a question mark icon. At the bottom of the screenshot, a disclaimer states: "Disclaimer: The future values depicted are based on the rates of return chosen by the user and are not a depiction of actual returns." The text "Why Use the Fund Analyzer" is visible at the very bottom of the interface.

www.finra.org/fundanalyzer

Thrift Savings Plan (TSP) Before You Invest, [Investor.gov](https://www.investor.gov)

The Thrift Savings Plan (TSP.gov) is a defined contribution plan for federal/military employees, similar to a 401(k) plan

Why Participate in TSP?

- Easy to enroll
- Saving is automatic
- Match up to 5% (free money)
- Tax benefits
- Low fees/expenses
- Portable (stays with you if you leave gov't)



TSP: Two Ways to Contribute

Retirement accounts have tax advantages:

Traditional	Roth
<ul style="list-style-type: none">- Your money goes in before taxes- Lowers your taxable income- Your money will be taxed when you withdraw it	<ul style="list-style-type: none">- Your money goes in after taxes- Your money will be tax-free when you withdraw it

2020 TSP or 401(k) Contribution Limits

**Traditional or
Roth**

\$19,500

(50+ may add \$6,500)

When You Leave the Government

- Leave all or some of your money in the TSP
- Roll your TSP account into your new employer's plan or an individual retirement account (IRA)
- Roll retirement accounts into your TSP account
- Take a lump sum distribution -- **WARNING:** You will owe taxes and pay a penalty if taken before age 59½

Tips to Avoid Fraud

Unsolicited Offers

The salesperson or promoter approaches you, not the other way around

- **Examples:**
 - Cold call
 - Email
 - Social media
 - Radio and newsletters
 - Direct mail
 - Free dinner seminar
- **How to respond:** Ignore them, and if you don't, always do your own research



Red Flags of Fraud

- Sounds too good to be true, such as promises of high returns with little or no risk
- Pressure to buy **RIGHT NOW**
- Lack of documentation, such as:
 - No public filings
 - No statements
 - No prospectus
- Unlicensed or unregistered salesperson

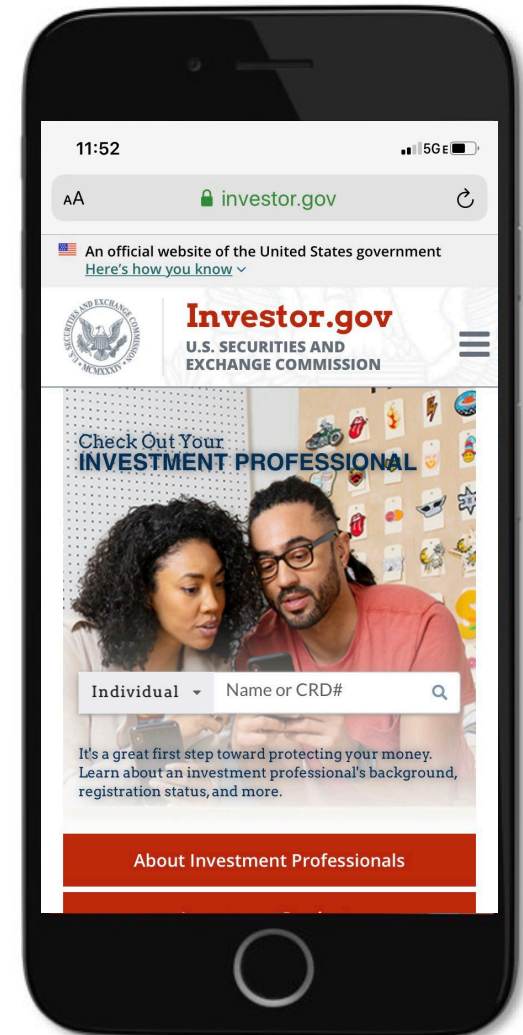
**GUARANTEED
RETURNS!**

**HUGE UPSIDE,
NO RISK!**

Check Any Investment Professional

Check on **Investor.gov**:

- License/registration
- Employment history
- Important disclosures



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Disclosure Events

NAME

IA Investment Adviser

B Broker

BARKLEY & HOWELL
ANYTOWN, USA

9
Disclosures





22 Years of Experience
8 Firms

3
Examinations

2
Licenses

 Registration History

 Disclosures

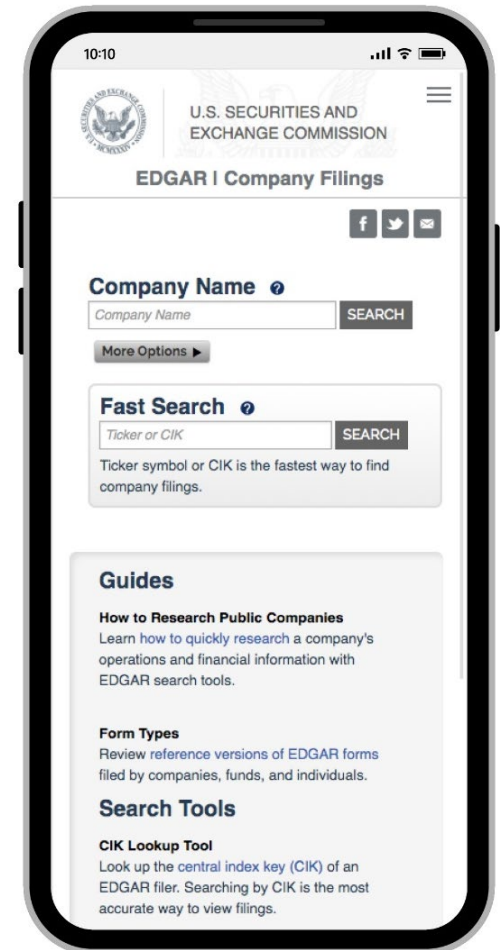
1/20/2011	Customer Dispute	Denied	
10/5/2010	Employment Separation After Allegations		
4/23/2010	Financial	Final	
1/19/1999	Regulatory	Final	

Research Any Investment Product

Check EDGAR:

Is the product registered with the SEC?

- Scams often involve unregistered companies
- EDGAR has important information about companies



EDGAR



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Fraud Targeting Federal Employees

SEC brought an action against Federal Employee Benefit Counselors (FEBC), whose mission was purportedly “to help” federal employees optimize benefits. SEC alleges:

- FEBC fraudulently induced federal employees to roll over holdings from TSP accounts into private variable annuities.
- FEBC created false impression it was affiliated with or approved by the federal government
- FEBC deceived investors about fees and attractiveness of annuities

Other Steps to Protect Yourself

- Verify anyone claiming to be from the government (call the agency)
- Don't pay for investments with credit cards, gift cards, or wires sent overseas
- Don't speak to unknown salespeople – and if you do, never share any personal information
- Don't pay an upfront fee in order to claim proceeds, stock, or winnings

SEC Resources



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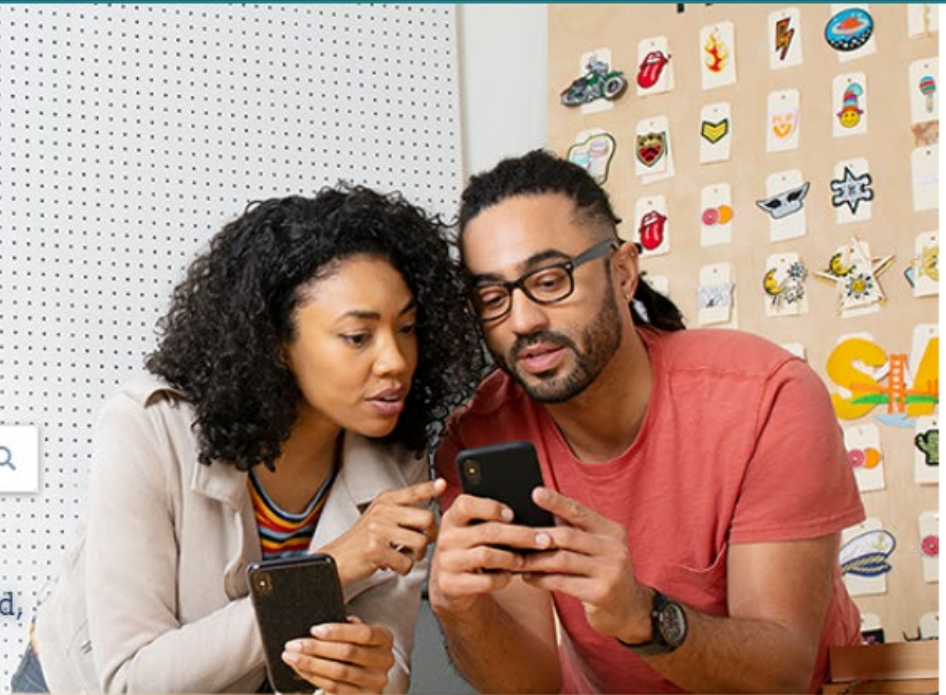
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Investor.gov Calculators

Step 1: Savings Goal

Savings Goal *

Desired final savings.

Step 2: Initial Investment

Initial Investment *

Amount of money you have readily available to invest.

Step 3: Growth Over Time

Years to Grow *


Length of time, in years, that you plan to save.

Step 4: Interest Rate

Estimated Interest Rate *

Your estimated annual interest rate.

Step 5: Compound It

Compound Frequency 

Times per year that interest will be compounded.

CALCULATE **RESET**

Investor Alerts and Bulletins

- How to Use the Investment Professional Search Tool on Investor.gov
- Covid-19 Early Withdrawals from Retirement Accounts – Be Careful of Fraudsters and Other Bad Actors Targeting Your Retirement Savings
- Five Red Flags of Investment Fraud
- Look Out for Coronavirus-Related Investment Scams
- Initial Coin Offerings

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Outreach@SEC.gov

Contacting the TSP



A composite graphic with three vertical panels. The left panel is blue and contains the text "You may also visit TSP.GOV" and "and log into 'My Account' to perform many of these transactions and inquiries." Below this are social media icons for Twitter and YouTube, and the text "Follow us on: @tsp4gov tsp4gov". The middle panel is yellow and contains the word "Notes" at the top and several horizontal lines for writing. The right panel is orange and contains the text "ThriftLine 1-877-968-3778" and "Available 24 hours a day, 7 days a week." Below this is the text "Outside the U.S. and Canada: 404-233-4400 TDD: 1-877-847-4385".

A banner for the TSP4gov YouTube channel. It features the YouTube logo on the left, followed by the TSP logo. To the right of the logos is the text "TSP4gov is the official YouTube channel of the Thrift Savings Plan" and a "Learn more" link with a small orange square icon.

A banner for TSP on Twitter. It features the text "TSP IS NOW ON TWITTER!" in orange, the Twitter bird logo in blue, and the text "FOLLOW US @TSP4GOV" in blue.

A screenshot of the "Secure Message Center: Civilian" interface. It has two tabs: "Answer Center" (selected) and "Messages". Below the tabs is the text: "The answers to many of your questions can be found right here in the Message Center. If you don't see your question in the list of frequently asked questions, you can search for the answer using our search tool below." Below this is a search box with the text "Find an Answer" and a "Go" button.



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