



Thrift Savings Plan (TSP) – Part 1

As Faith gets closer and closer to retirement, she starts to think more about her Thrift Savings Plan (TSP). As a FERS employee, this is a significant component in her retirement package. Her agency contributions are summarized in the following table and are based on her basic pay.

Faith contributes	Agency matching contribution	Agency <u>Automatic</u> Contribution	Faith's total TSP contribution
0%	0%	1%	1%
1%	1%	1%	3%
2%	2%	1%	5%
3%	3%	1%	7%
4%	3.5%	1%	8.5%
5%	4%	1%	10%

By contributing 5% per pay period, Faith's total TSP account contribution will be 10%. Although her husband, Chris, is a CSRS employee and does not receive the agency match, he still chooses to contribute to his TSP as a tax-deferred way to save for retirement.

The maximum annual contributions to the TSP (or any elective deferral plan) are set each year by the IRS; the limit for 2010 is \$16,500. However, if you are age 50 or over, there is a supplemental or 'catch up' provision that allows for additional contributions of \$5,500 for 2010. The total annual tax-deferred contributions employees over age 50 are \$22,000 this year, regardless if you are FERS or CSRS.

However, it is important to be conscious of your contributions, it is possible to contribute too much early in the year and forfeit government matching in later pay periods. For example, if Faith contributes the \$16,500 by pay period 22, then she will not be allowed to contribute in pay periods 23 thru 26 and will not receive any matching contributions from the government.

Christy Capital Management, Inc., a Registered Investment Advisor, provides support for federal employees throughout the Southeast in investment consulting and retirement planning. Brandon S. Christy, CPA, PFS, President, and our team of advisors at Christy Capital, are knowledgeable in tax planning, federal benefits, and creative retirement strategies. Our firm would be honored to assist you, as our client, in obtaining your long term financial goals. If you would like more information, please visit us on the web at www.ChristyCapital.com, e-mail at info@ChristyCapital.com or you may contact us directly at 866-331-7749.

Brandon S. Christy, CPA, PFS, President

2939 McManus Rd • Macon, GA 31220 • www.ChristyCapital.com
 (478) 314-2160 • Fax (877) 772-9155 • Toll Free (866) 331-7749 • Brandon@ChristyCapital.com