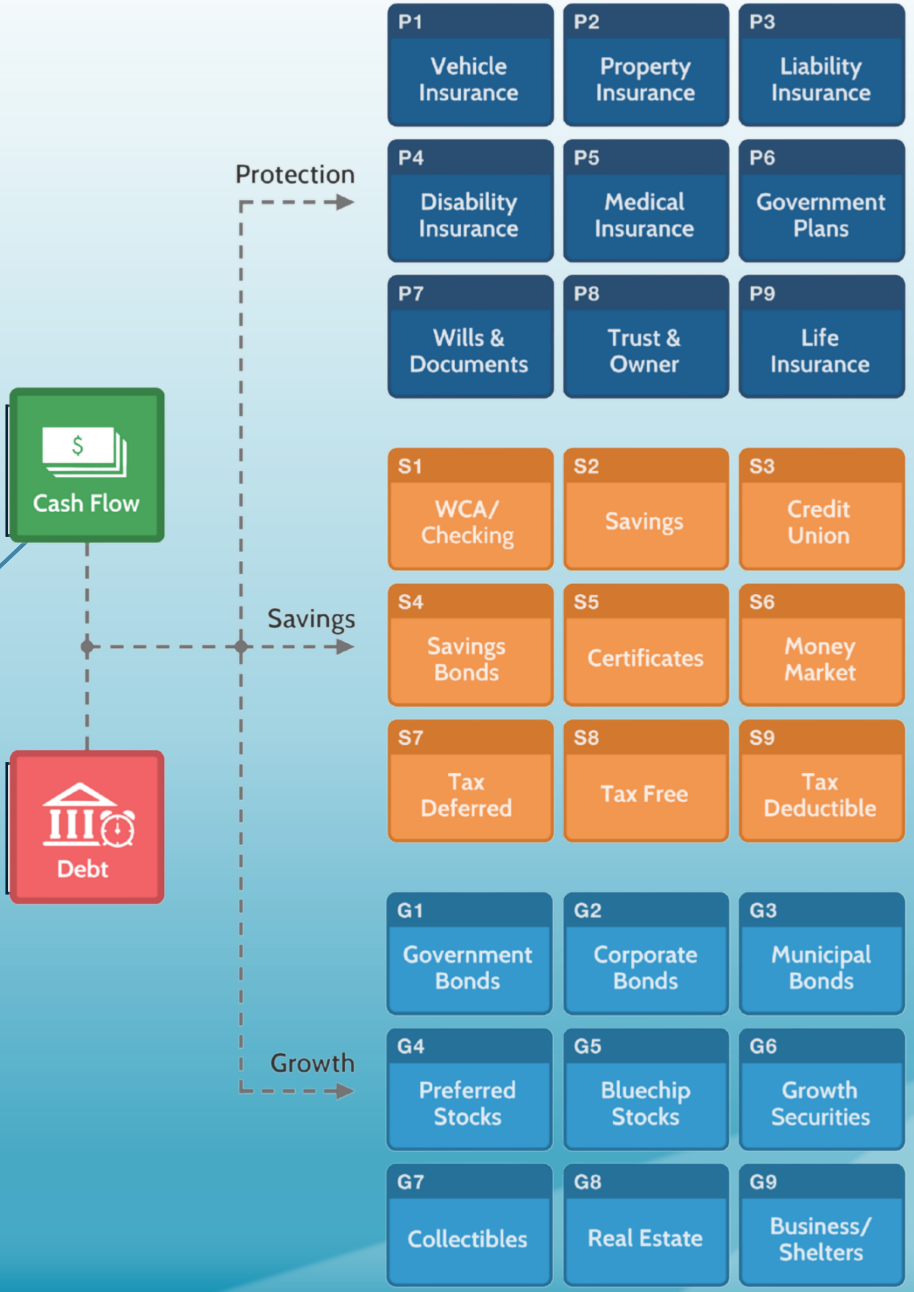
SOFA

THE SOCIETY FOR FINANCIAL AWARENESS

DC Metropolitan Chapter www.dcsofa.org

Navigating Uncertainty: A Federal Employee's Guide to Financial Peace of Mind


Cash Flow
Debt
Protection
Savings
Growth
P1 Vehicle Insurance
P2 Property Insurance
P3 Liability Insurance
P4 Disability Insurance
P5 Medical Insurance
P6 Government Plans
P7 Wills & Documents
P8 Trust & Owner
P9 Life Insurance
S1 WCA/ Checking
S2 Savings
S3 Credit Union
S4 Savings Bonds
S5 Certificates
S6 Money Market
S7 Tax Deferred
S8 Tax Free
S9 Tax Deductible
G1 Government Bonds
G2 Corporate Bonds
G3 Municipal Bonds
G4 Preferred Stocks
G5 Bluechip Stocks
G6 Growth Securities
G7 Collectibles
G8 Real Estate
G9 Business/ Shelters

MUST HAVE PLAN!

Especially when you are within 10 yrs. of RETIREMENT!!!!!

1. What's Your Withdrawal rate need?
2. What's your targeted asset allocation?

THE TSP FUNDS: WHAT IS INSIDE?

The Lifecycle funds

L Income	L 2030	L 2035	L 2040	L 2045	L 2050	L 2055	L 2060	L 2065	L 2070	L 2075

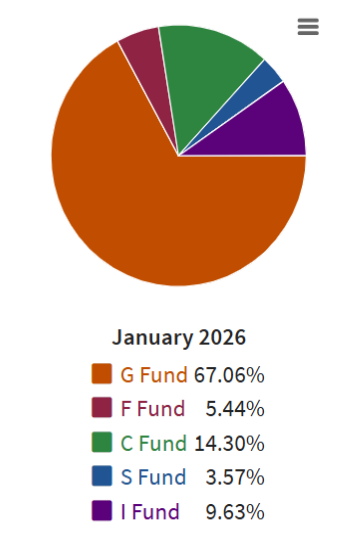
Stocks, bonds and G (savings). The Lifecycle Funds are composed of various combinations of the G, F, C, S and I funds.

The Traditional Funds

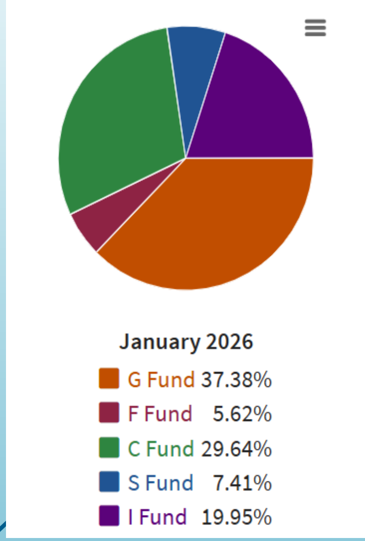
C Fund	S Fund	I Fund	F Fund	G Fund
US Stocks, Large Companies	US Stocks	International Stocks	US Bonds	Savings Type Account

L Funds Allocation Comparison

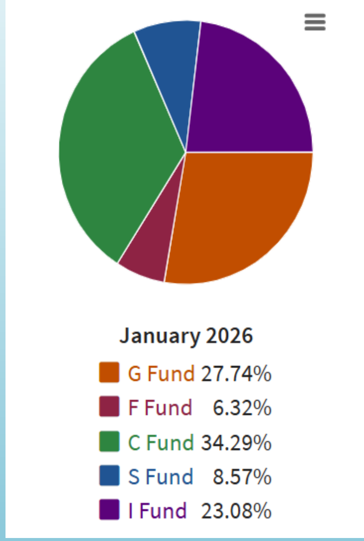
L Income



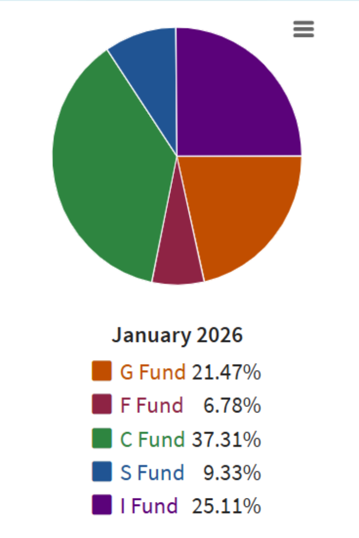
L 2030



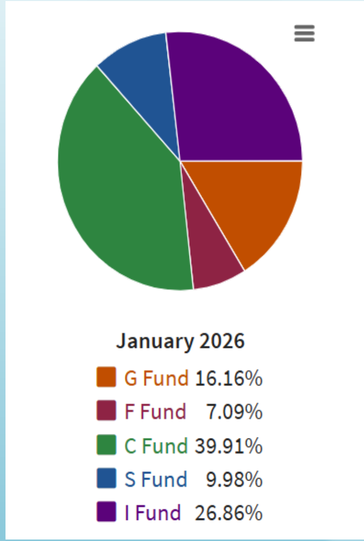
L 2035



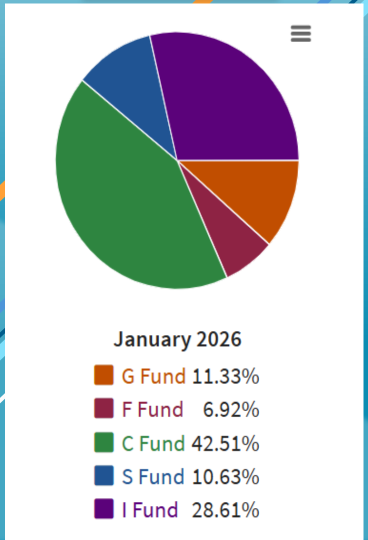
L 2040



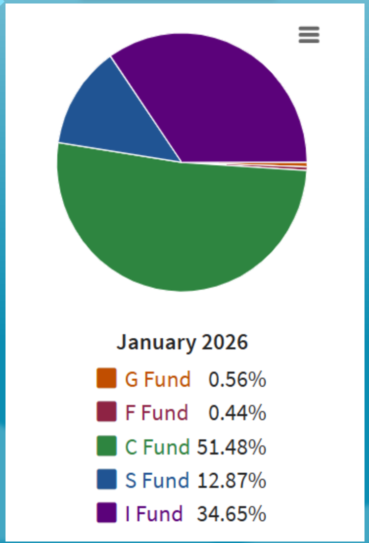
L 2045



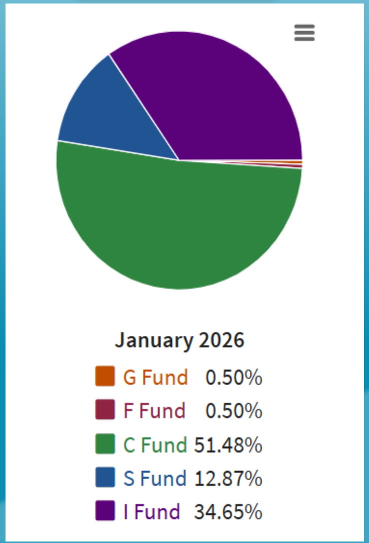
L 2050



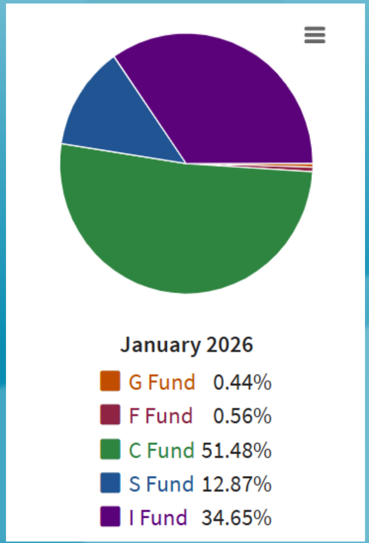
L 2055



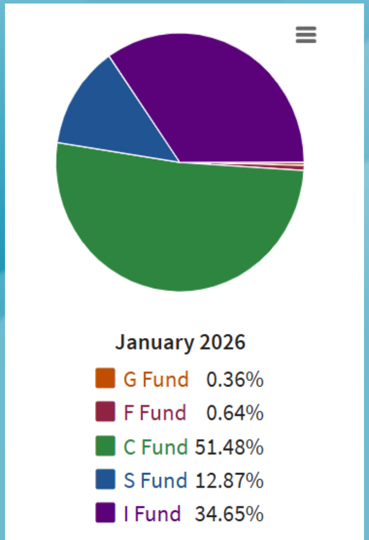
L 2060



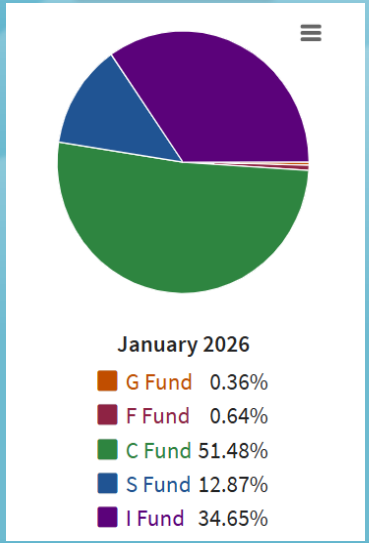
L 2065



L 2070



L 2075

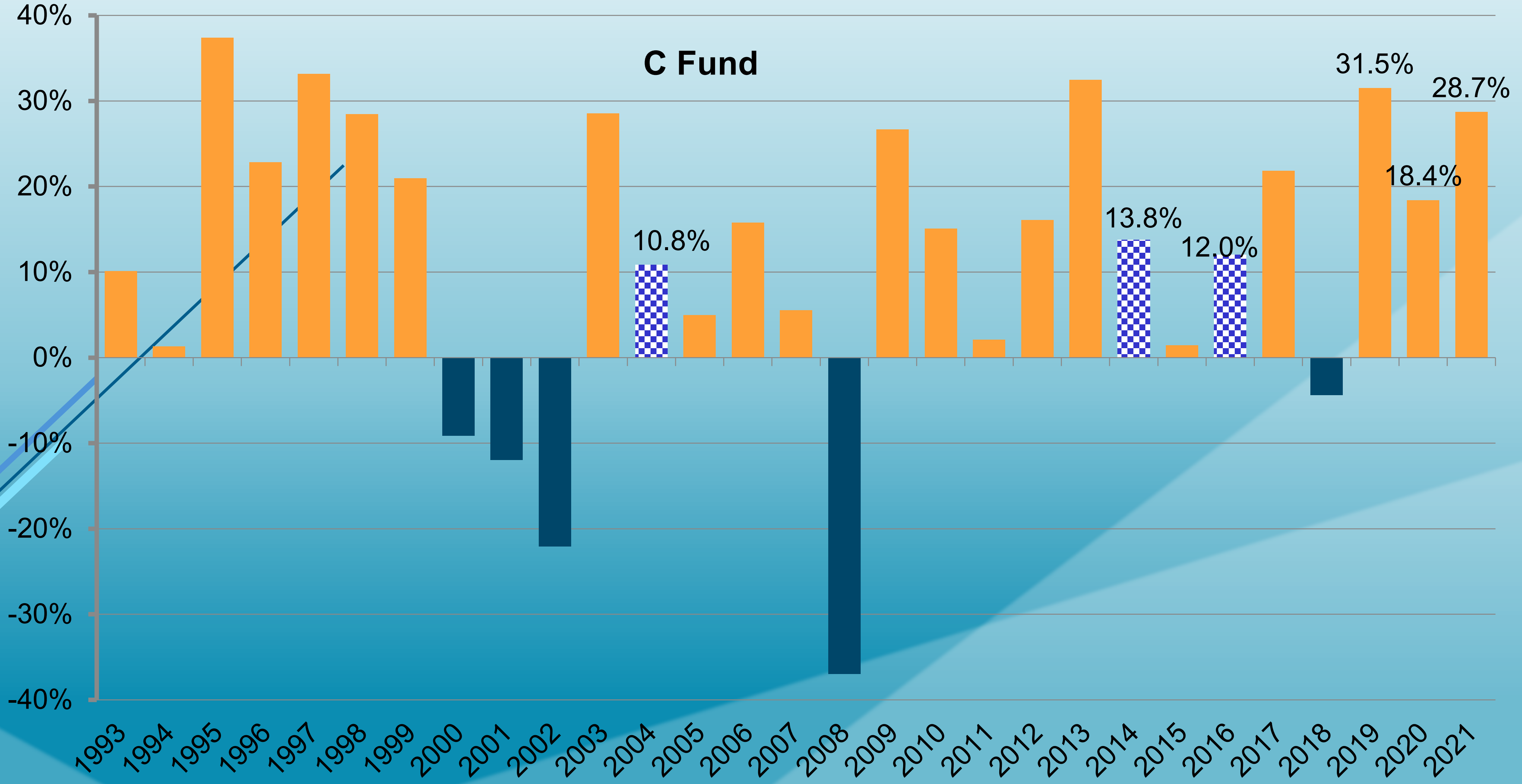


Recent Investment Returns for the TSP Funds

Rates of return as of November 30, 2025

Year	G Fund Bond/US Govt. Short Term	F Fund Bond/US Intermediate	C Fund Stocks – Large US Companies (S&P 500)	S Fund Stocks – Small and Medium US Companies	I Fund Stocks - International
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
1 year	4.46%	5.65%	14.96%	4.08%	24.91%
3 year	4.35%	4.54%	20.52%	15.31%	15.91%
5 year	3.42%	-0.22%	15.24%	7.85%	9.75%
10 year	2.74%	2.10%	14.60%	10.66%	8.15%
Since inception	4.65%	5.32%	11.36%	9.47%	5.90%

Volatility Illustrated:
There Are Not Many "Average" Years for the Stock Market

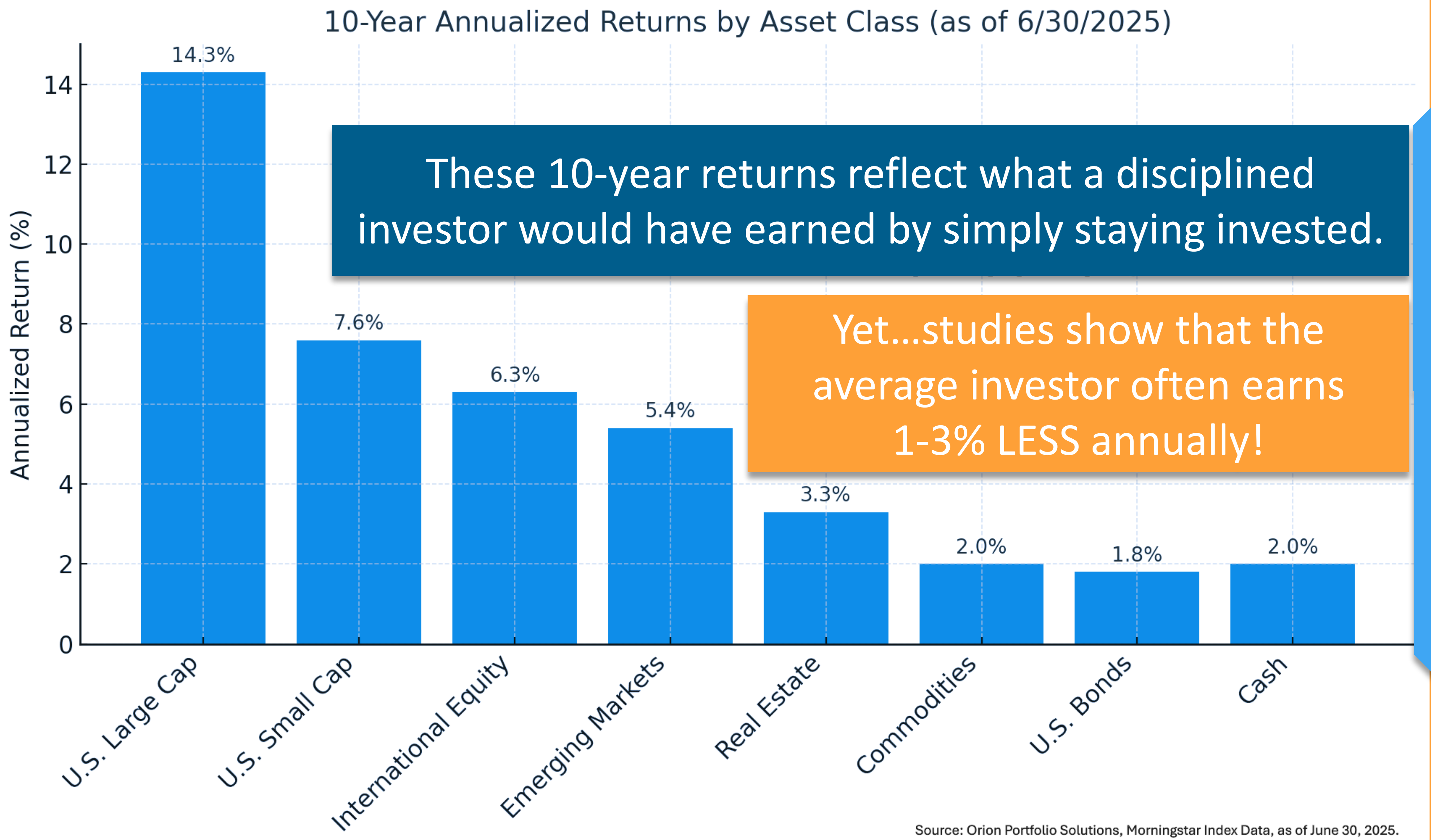


TSP C Fund Calendar Year Returns, 1993 to 2021

The Average Annual Return for the C Fund was 12.3% for the 29-year period. But there were only three years when the returns were close to the average (+1.5% to -1.5%).The returns for all the other years were much higher or lower. That is an example of "volatility," the high variation in returns compared to the average.

Note: The data assumes no further contributions and reinvestment of all income. It does not account for taxes. Standard & Poor's 500 Index. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future performance. All investments involve the risk of loss. Source: TSP.gov

Behavior Drives Results



These 10-year returns reflect what a disciplined investor would have earned by simply staying invested.

Yet…studies show that the average investor often earns 1-3% LESS annually!

Source: Orion Portfolio Solutions, Morningstar Index Data, as of June 30, 2025.

Not because of poor investments

…

But because of poor timing!

Asset Class Returns

2010–2024																	
Ann.	Vol.	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Large Cap 13.9%	Small Cap 20.6%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Comdty. 16.1%	Large Cap 26.3%	Large Cap 25.0%	DM Equity 19.9%
Small Cap 10.3%	EM Equity 17.9%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 1.5%	DM Equity 18.9%	Small Cap 11.5%	EM Equity 15.6%
REITs 9.4%	REITs 16.8%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Alloc. 10.0%	Asset Alloc. 7.0%
Asset Alloc. 7.2%	DM Equity 16.5%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Fixed Income -13.0%	Asset Alloc. 14.1%	High Yield 9.2%	High Yield 6.8%
High Yield 5.9%	Comdty. 16.1%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	Asset Alloc. -13.9%	High Yield 14.0%	EM Equity 8.1%	Large Cap 6.2%
DM Equity 5.7%	Large Cap 15.1%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	DM Equity -14.0%	REITs 11.4%	Comdty. 5.4%	Comdty. 5.5%
EM Equity 3.4%	Asset Alloc. 10.4%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	EM Equity 10.3%	Cash 5.3%	Fixed Income 4.0%
Fixed Income 2.4%	High Yield 9.4%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 5.5%	REITs 4.9%	Cash 2.1%
Cash 1.2%	Fixed Income 4.7%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	DM Equity 4.3%	REITs 1.8%
Comdty. -1.0%	Cash 0.9%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	REITs -24.9%	Comdty. -7.9%	Fixed Income 1.3%	Small Cap -1.8%

Source: Blackrock via AE Wealth Management

ASSET ALLOCATION

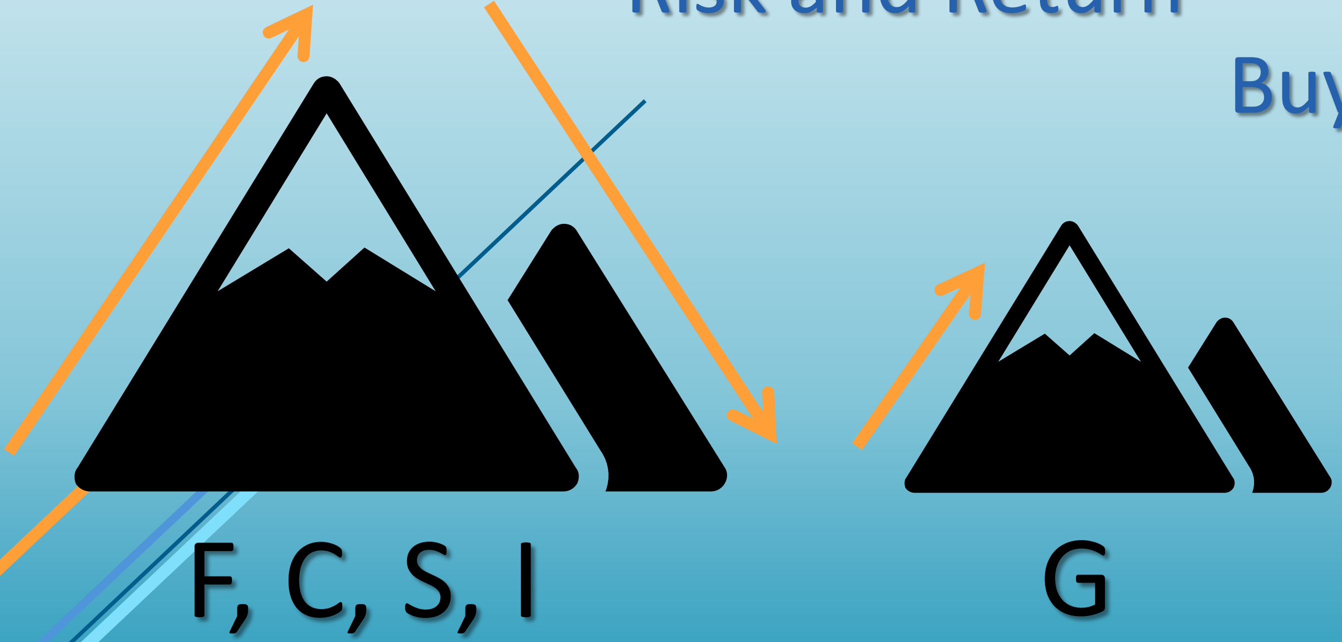
Choosing Your Investment Mix

Consider…

Risk and Return

Buy and Hold

Diversify



Time = Sustained Risk

Review and Rebalance

Understanding the 4% Withdrawal Rule

If an investor withdraws a fixed percentage of their assets annually for retirement expenses, what is the likelihood that they will outlive their savings?

Withdrawal Rate	100/0	75/25	50/50	25/75	0/100
3%	100%	100%	100%	100%	84%
4%	98%	100%	96%	80%	35%
5%	80%	82%	67%	31%	22%
6%	62%	60%	51%	22%	11%
7%	55%	45%	22%	7%	2%
8%	44%	35%	9%	0%	0%

The Trinity University Study

Step #1:

Understanding Your Target Retirement Income (TRI)

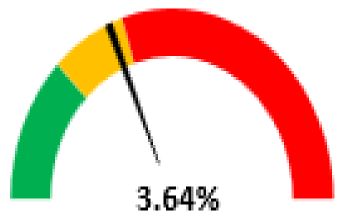
Gross Income – Spouse A	**$150,000**
Gross Income - Spouse B	**$100,000**
Total Gross Income	**$250,000**
Less	
TSP/401(k)	**$27,000**
TSP/401(k)	**$27,000**
Social Security	**$17,540**
Savings	**$0**
Mortgage	**$0**
Roth TSP	**$0**
Roth	**$0**
Non/Qualified IRA	**$0**
College	**$0**
Credit Cards	**$0**
Tax Equivalent	**$0**
Total Payments	**$71,540**
Target Retirement Income	$178,460

Step #2: Understanding Your Investment Income Need

Target Retirement Income	$178,460
Social Security	($52,775)
Pension	($67,511)
Investment Income Needed	**$58,174**

Inflation	Income	W/D		ASSETS & INCOME	ROR
0.0%	$52,775		GUARANTEED	Social Security	
0.0%	$67,511			Pensions	
	$120,286			Total Guaranteed Income	
☑ Auto Adjust	$58,240	3.64%	NON-GUARANTEED	Investment Income $1,600,000	4.0%
	$178,526			Total Guaranteed & Non guaranteed Income	
0.0%	$178,460			Target Retirement Income	

Withdrawal Rate Pressure



Asset Allocation

Lifecycle Fund	Stocks	Bonds
L-2050	84%	16%
L-2030	64%	36%
L-Income	25%	75%

Asset Allocation

Percent $ Value

TSP: $1,208,000

CJC Annuity:

How are you Invested In TSP:		Allocation (%	Contribution ($
C Fund:		30	362400
S Fund:			
I Fund:			
F Fund:			
G Fund:		25	302000
L Fund:	L 2025	15	181200
L Fund:	L 2030	30	362400
L Fund:			
	Total	100.0	$1,208,000

Asset Allocation

1 – Current TSP 55% / 45%

$1,208,000

42.9%	3.5%	8.8%	3.0%	41.8%
C	S	I	F	G
$518,468	$41,730	$106,491	$35,805	$505,506
0%	0%	0%	0%	0%
$0	$0	$0	$0	$0

Asset Allocation

Total Portfolio

1,208,000

	C Fund	S Fund	I Fund	F Fund	G Fund	
	42.9%	3.5%	8.8%	3.0%	41.8%	100%
	$518,468	$41,730	$106,491	$35,805	$505,506	1,208,000
L 2025	$44,557	$11,615	$30,242	$11,198	$83,588	181,200
L 2030	$111,510	$30,115	$76,249	$24,607	$119,918	362,400
Individual	$362,400	$0	$0	$0	$302,000	664,400

Have you heard….

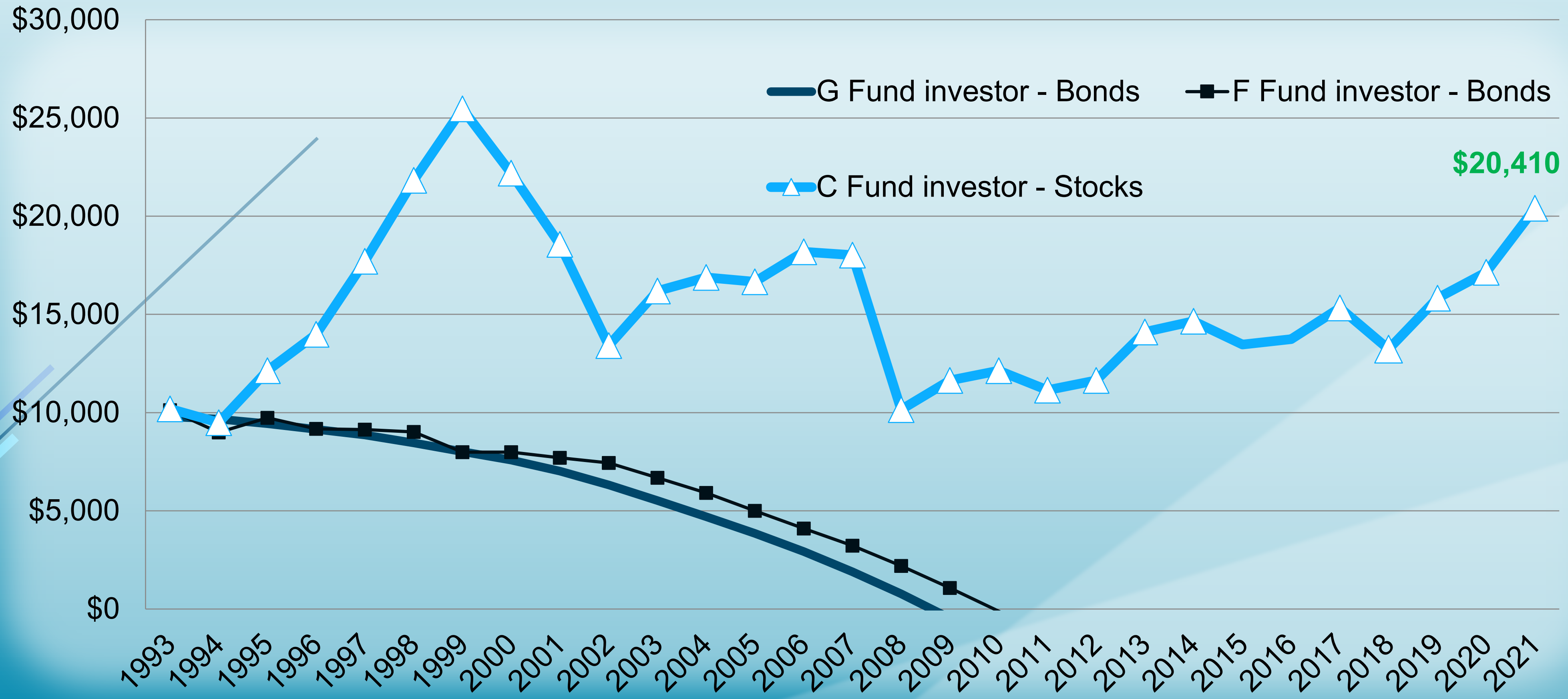
The CLOSER you get
to retirement…
The MORE
conservative
you get

Loss of Purchasing Power:
What Happens When You Start Spending?

Example:

At the beginning of 1993, retirees Bill, Jack and Mary each have $10,000 in the TSP. They each invest in one fund: Bill in G, Jack in F and Mary in C.

They annually withdraw enough to buy 2000 first class stamps (after paying taxes of 30%).



Note: This is for illustration purposes only. Past performance is no guarantee of future performance.

All investments involve the risk of loss. The data assumes reinvestment of all income.

Problem: Sequence of Return Risk

Year	BOY Balance	Return	Withdrawal	EOY Balance
1973	$1,000,000	-14.67%	$79,713	$785,281
1974	$785,281	-26.31%	$79,713	$519,934
1975	$519,934	37.14%	$79,713	$603,719
1976	$603,719	23.81%	$79,713	$648,772
1977	$648,772	- 7.19%	$79,713	$528,144
1978	$528,144	6.52%	$79,713	$477,670
1979	$477,670	18.45%	$79,713	$471,380
1980	$471,380	32.45%	$79,713	$518,764
1981	$518,764	- 4.88%	$79,713	$417,625
1982	$417,625	21.50%	$79,713	$410,564

Year	BOY Balance	Return	Withdrawal	EOY Balance
1983	$410,564	22.46%	$79,713	$405,161
1984	$405,161	6.22%	$79,713	$345,691
1985	$345,691	31.64%	$79,713	$350,134
1986	$350,134	18.62%	$79,713	$320,774
1987	$320,774	5.18%	$79,713	$253,548
1988	$253,548	16.61%	$79,713	$202,710
1989	$202,710	31.69%	$79,713	$161,975
1990	$161,975	-3.10%	$79,713	$79,713
1991	$79,713	30.47%	$79,713	$ 0
19 Yrs.	Average ROR	12.98%	$1,514,547	DEPLETED

COMPARE

1973 - 1991

1991 - 1973

Courtesy of Leap Systems

Figure 2: Forward running return sequence of $1,000,000 – S&P 500 portfolio with annual withdrawals of $79,713
Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Problem: Sequence of Return Risk

Year	BOY Balance	Return	Withdrawal	EOY Balance
1991	$1,000,000	30.47%	$79,713	$1,200,698
1990	$1,200,698	-3.10%	$79,713	$1,086,235
1989	$1,086,235	31.69%	$79,713	$1,325,489
1988	$1,325,489	16.61%	$79,713	$1,452,699
1987	$1,452,699	5.18%	$79,713	$1,444,107
1986	$1,444,107	18.62%	$79,713	$1,618,444
1985	$1,618,444	31.84%	$79,713	$2,028,663
1984	$2,028,663	6.22%	$79,713	$2,070,174
1983	$2,070,174	22.46%	$79,713	$2,437,519
1982	$2,437,519	21.50%	$79,713	$2,864,734

Year	BOY Balance	Return	Withdrawal	EOY Balance
1981	$2,864,734	-4.88%	$79,713	$2,649,112
1980	$2,649,112	32.45%	$79,713	$3,403,169
1979	$3,403,169	18.45%	$79,713	$3,939,634
1978	$3,939,634	6.52%	$79,713	$4,108,392
1977	$4,108,392	-7.19%	$79,713	$3,739,017
1976	$3,739,017	23.81%	$79,713	$4,530,585
1975	$4,530,585	37.14%	$79,713	$6,103,925
1974	$6,103,925	-26.31%	$79,713	$4,439,925
1973	$4,439,925	-14.67%	$79,713	$3,719,986
19 Yrs.	**Average ROR**	**12.98%**	**$1,514,547**	**$3,719,986**

COMPARE

1973 - 1991

1991 - 1973

Courtesy of Leap Systems

Figure 3: Backward running return sequence of $1,000,000 - S&P 500 portfolio with annual withdrawals of $79,713
Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Solution: Sequence Defense

Year	BOY Balance	Return	Withdrawal	EOY Balance
1973	$1,000,000	-14.67%	$79,713	$ 785,281
1974	$ 785,281	-26.31%	$ 0	$ 578,673
1975	$ 578,673	37.14%	$ 0	$ 793,593
1976	$ 793,593	23.81%	$79,713	$ 883,855
1977	$ 883,855	-7.19%	$79,713	$ 746,324
1978	$ 746,324	6.52%	$ 0	$ 794,984
1979	$ 794,984	18.45%	$79,713	$ 847,239
1980	$ 847,239	32.45%	$79,713	$1,016,588
1981	$1,016,588	-4.88%	$79,713	$ 891,155
1982	$ 891,155	21.50%	$ 0	$1,082,754

Year	BOY Balance	Return	Withdrawal	EOY Balance
1983	$1,082,754	22.46%	$79,713	$1,228,324
1984	$1,228,324	6.22%	$79,713	$1,220,054
1985	$1,220,054	31.64%	$79,713	$1,501,145
1986	$1,501,145	18.62%	$79,713	$1,686,103
1987	$1,686,103	5.18%	$79,713	$1,689,601
1988	$1,689,601	16.61%	$79,713	$1,877,290
1989	$1,877,290	31.69%	$79,713	$2,367,229
1990	$2,367,229	-3.10%	$79,713	$2,126,603
1991	$2,126,603	30.47%	$ 0	$2,892,002
19 Yrs.	**Average ROR**	12.98%	**$1,115,982**	**$2,892,002**

COMPARE

NO DEFENSE

WITH DEFENSE

Courtesy of Leap Systems

$398,565 funded from Sequence Defense Resources. Total withdrawal of $1,514,547.

Figure 6: Same sequence with withdrawals from portfolio in green. Sequence Defense employed following down year. Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Example: What if You Had to take Distributions in 2022 ?

G Fund	F Fund	C Fund	S Fund	I Fund
2.98%	-12.83%	-18.13%	-26.26%	-13.94%

Portfolio

$500,000

20%	20%	10%	25%	25%	0%
C	S	I	F	G	
$100,000	$100,000	$50,000	$125,000	$125,000	$0
4%	4%	4%	4%	4%	0%
$4,000	$4,000	$2,000	$5,000	$5,000	$0

TSP Fund - 2

Year	G Fund	F Fund	C Fund	S Fund	I Fund
2022	2.98%	-12.83%	-18.13%	-26.26%	-13.94%
2018	2.91%	0.15%	-4.41%	-9.26%	-13.43%
2008	3.75%	5.45%	-36.99%	-38.32%	-42.43%
2002	5.00%	10.27%	-22.05%	-18.14%	-15.98%
2001	5.39%	8.61%	-11.94%		
2000	6.42%	11.67%	-9.14%		

What Type of Fed Are You?

Do It Yourselfer

You love coming to financial seminars.

You can't wait to be your own full-time advisor in retirement.

Not Sure

You can handle the finances but not sure you want to.

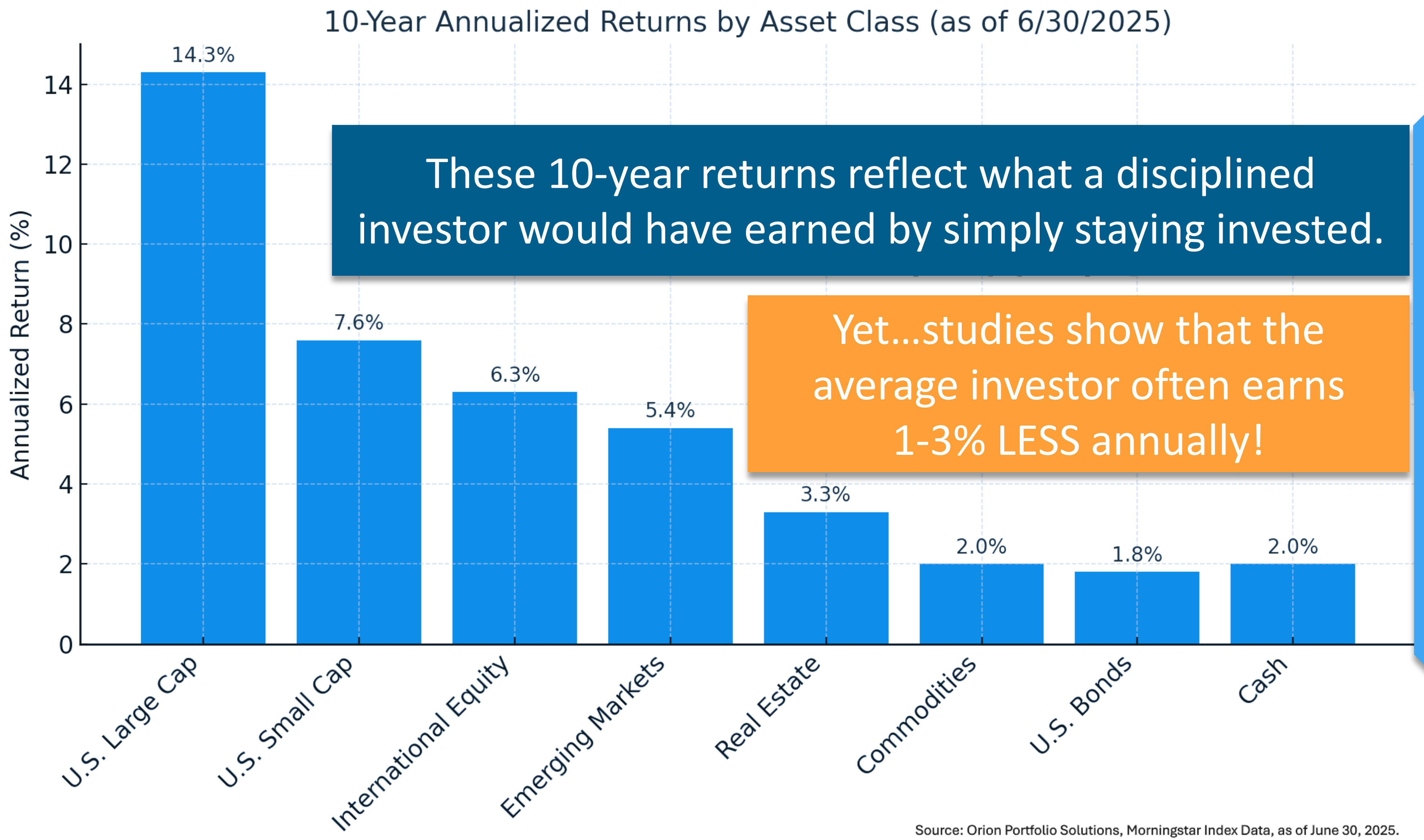
You can tolerate financial speak but unclear if you want to think about this in retirement.

100% I'm Not Doing It!

You are in pursuit of finding the right advisor and relationships matter to you.

Have you ever had someone tell you "Oh it's not hard, you can do it."

Behavior Drives Results



These 10-year returns reflect what a disciplined investor would have earned by simply staying invested.

Yet…studies show that the average investor often earns 1-3% LESS annually!

Source: Orion Portfolio Solutions, Morningstar Index Data, as of June 30, 2025.

Not because of poor investments …

But because of poor timing!

Stretch IRA is Back !

Secure Act 2.0

Scenario 1

Spouse A
Spouse B

TSP

Spouse A → Spouse B

DIES

Leaves money in TSP

DIES

TSP

All Taxable at Once

Scenario 2

Spouse A

TSP

Spouse A → Spouse B

DIES

Rolls into IRA

DIES

IRA

10 Yrs. Spend Down

Scenario 3

Spouse A
Spouse B

TSP

Spouse A

Rolls into IRA

DIES

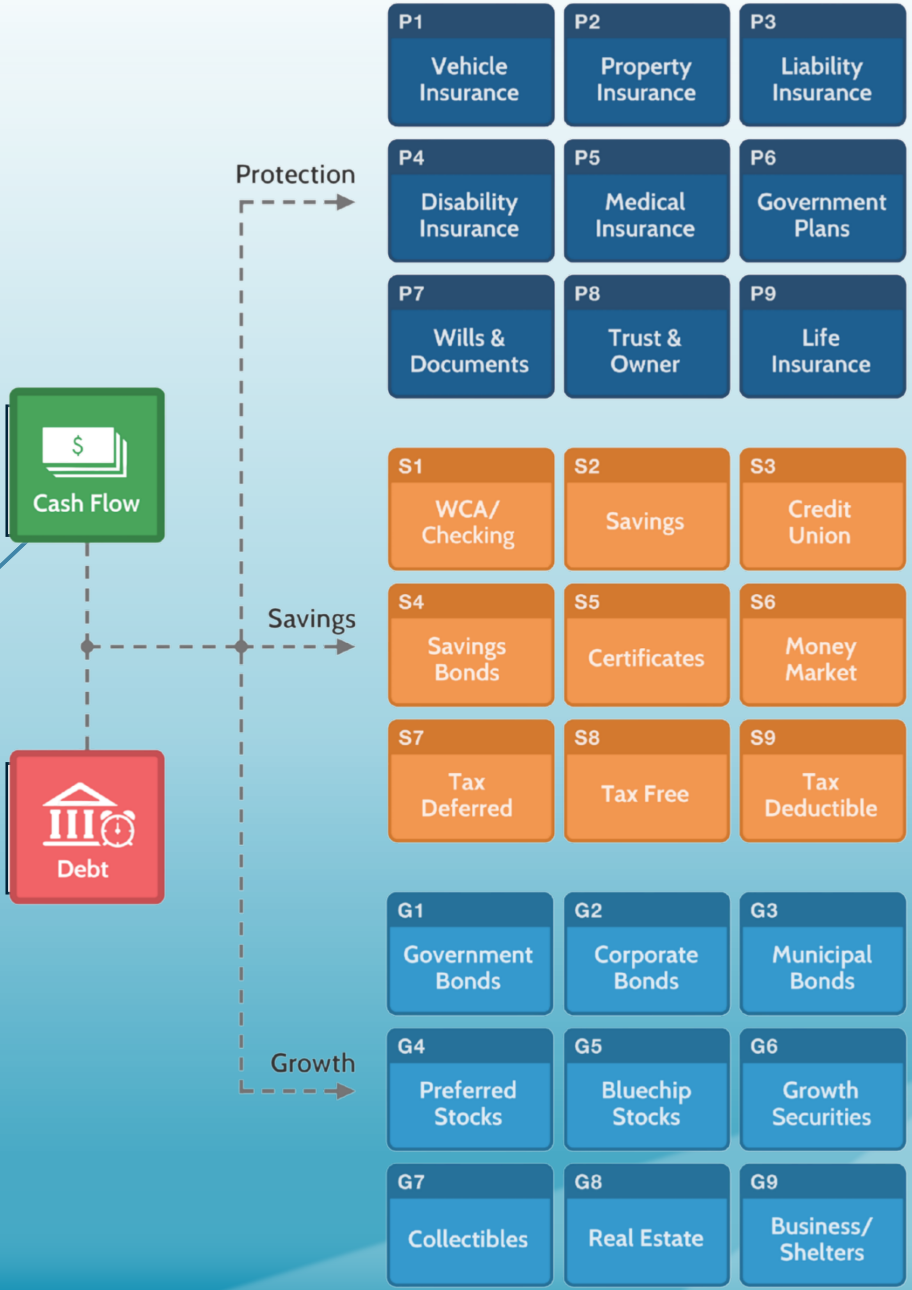
Spouse B

Spousal Continuation

Stretch IRA

ACCUMULATION

DISTRIBUTION


Cash Flow
Debt
Protection
Savings
Growth
P1 Vehicle Insurance
P2 Property Insurance
P3 Liability Insurance
P4 Disability Insurance
P5 Medical Insurance
P6 Government Plans
P7 Wills & Documents
P8 Trust & Owner
P9 Life Insurance
S1 WCA/ Checking
S2 Savings
S3 Credit Union
S4 Savings Bonds
S5 Certificates
S6 Money Market
S7 Tax Deferred
S8 Tax Free
S9 Tax Deductible
G1 Government Bonds
G2 Corporate Bonds
G3 Municipal Bonds
G4 Preferred Stocks
G5 Bluechip Stocks
G6 Growth Securities
G7 Collectibles
G8 Real Estate
G9 Business/ Shelters

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