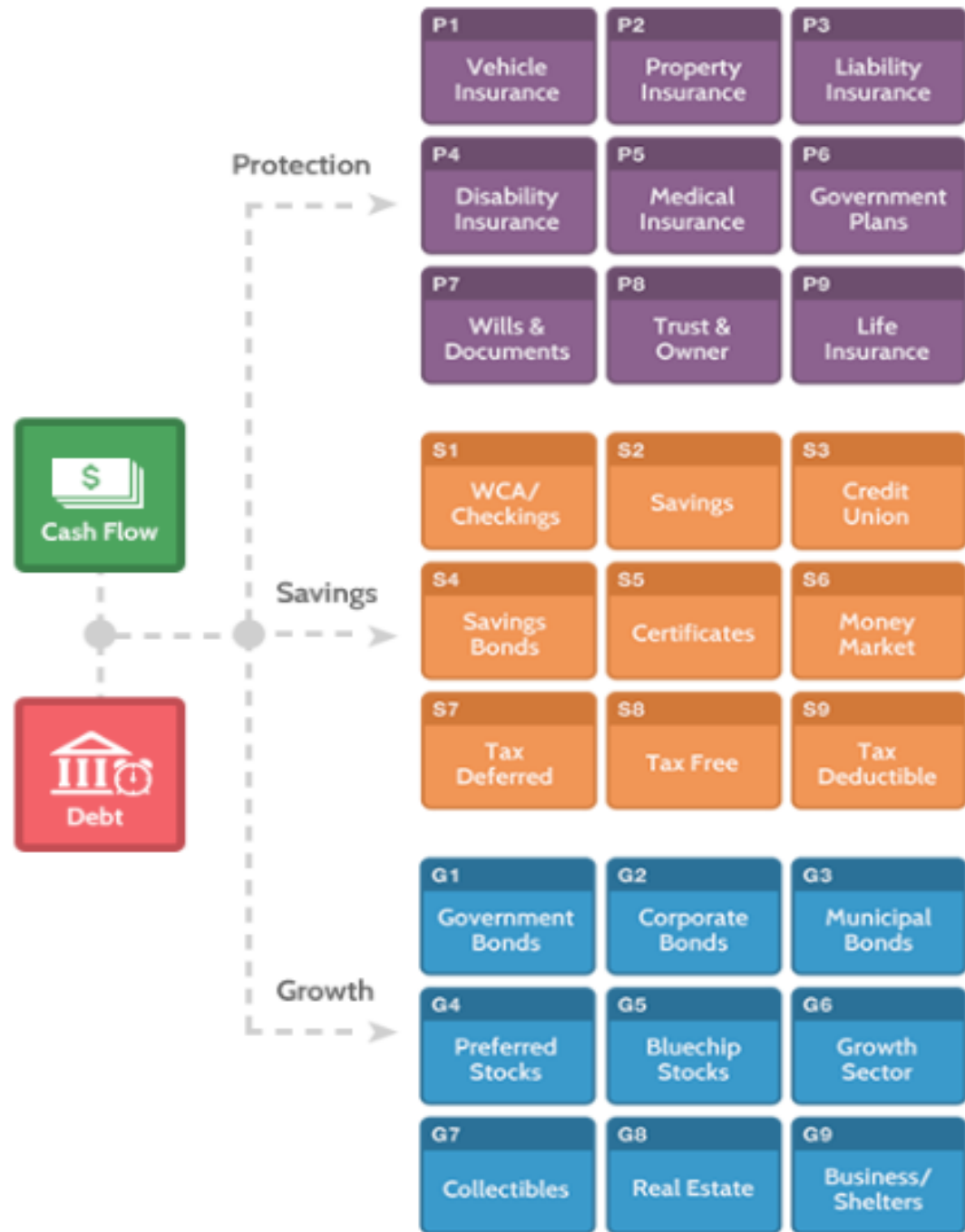




Navigating Uncertainty: A Federal Employee's Guide to Financial Peace of Mind



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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 2025	L 2030	L 2035	L 2040	L 2045	L 2050	L 2055	L 2060	L 2065
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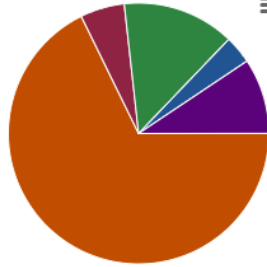
Stocks, bonds and G (savings). The Lifecycle Funds are composed of various combinations of the G, F, C, S and I funds.

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

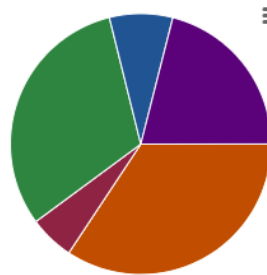
L Income



April 2025

G Fund 67.76%
F Fund 5.49%
C Fund 13.92%
S Fund 3.47%
I Fund 9.36%

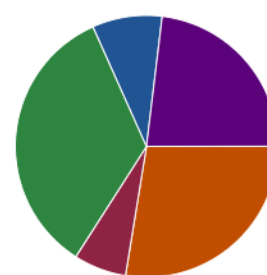
L 2030



April 2025

G Fund 34.32%
F Fund 5.56%
C Fund 31.25%
S Fund 7.83%
I Fund 21.04%

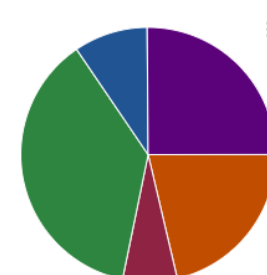
L 2035



April 2025

G Fund 27.56%
F Fund 6.50%
C Fund 34.26%
S Fund 8.60%
I Fund 23.08%

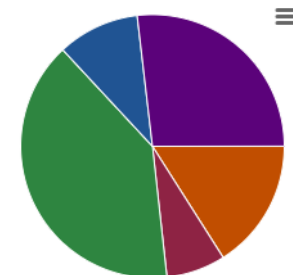
L 2040



April 2025

G Fund 21.32%
F Fund 6.92%
C Fund 37.27%
S Fund 9.38%
I Fund 25.11%

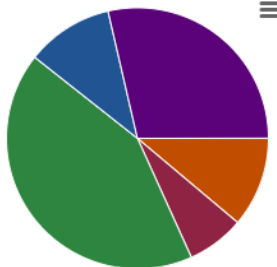
L 2045



April 2025

G Fund 15.99%
F Fund 7.26%
C Fund 39.84%
S Fund 10.05%
I Fund 26.86%

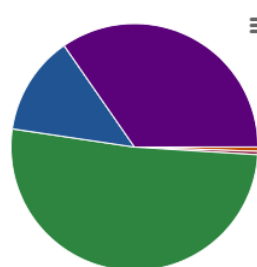
L 2050



April 2025

G Fund 11.16%
F Fund 7.09%
C Fund 42.42%
S Fund 10.72%
I Fund 28.61%

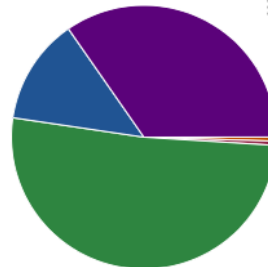
L 2055



April 2025

G Fund 0.55%
F Fund 0.45%
C Fund 51.36%
S Fund 12.99%
I Fund 34.65%

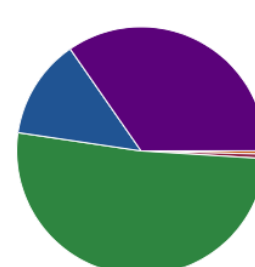
L 2060



April 2025

G Fund 0.49%
F Fund 0.51%
C Fund 51.36%
S Fund 12.99%
I Fund 34.65%

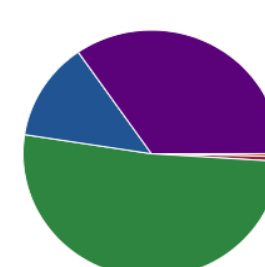
L 2065



April 2025

G Fund 0.42%
F Fund 0.58%
C Fund 51.36%
S Fund 12.99%
I Fund 34.65%

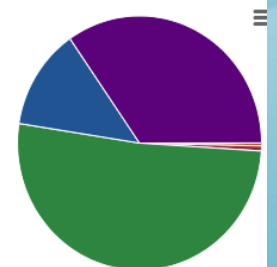
L 2070



April 2025

G Fund 0.36%
F Fund 0.64%
C Fund 51.48%
S Fund 12.87%
I Fund 34.65%

L 2075



April 2025

G Fund 0.36%
F Fund 0.64%
C Fund 51.48%
S Fund 12.87%
I Fund 34.65%

Recent Investment Returns for the TSP Funds

Rates of return as of December 31, 2023

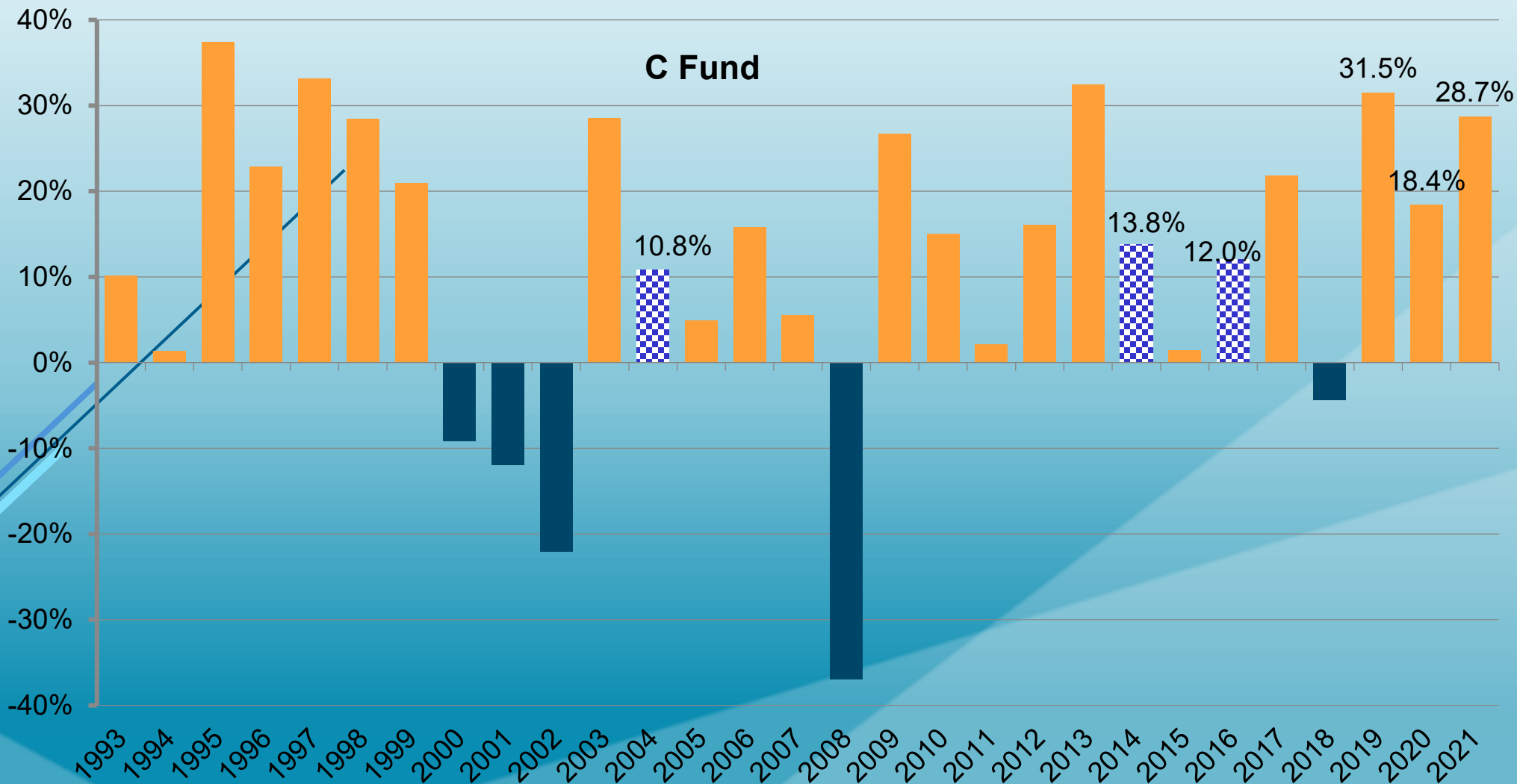
Year	G Fund Bonds/US Govt Short Term	F Fund Bonds/US Intermediate	C Fund Stocks- Large US Companies (S&P 500)	S Fund Stocks – Small and Medium US Companies	I Fund Stocks - International
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
1 year	4.22%	5.58%	26.25%	25.30%	18.38%
3 year	2.86%	-3.21%	9.97%	1.28%	4.32%
5 year	2.35%	1.16%	15.65%	11.88%	8.51%
10 year	2.32%	2.02%	12.03%	8.64%	4.63%
Since inception	4.66%	5.36%	10.81%	9.01%	5.05%

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

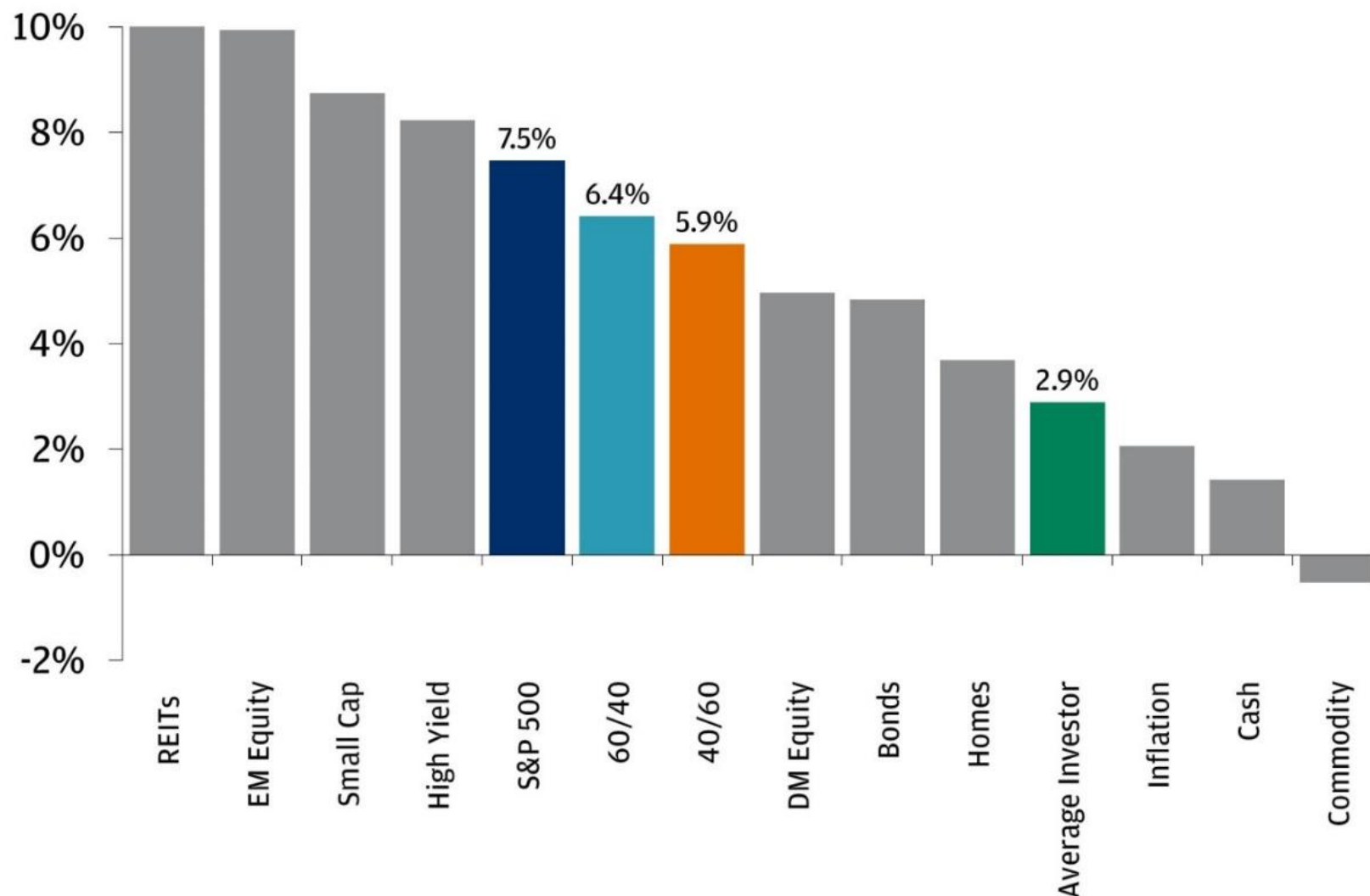


3.5%

Despite strong index returns over time, the “average investor” has underperformed a basic, indexed 60/40 portfolio by 3.5% annualized.

DIVERSIFICATION AND THE AVERAGE INVESTOR

20-year annualized return by asset class (2001 - 2020)



Source: DALBAR Inc., MSCI, NAREIT, Russell, J.P. Morgan Asset Management. Data as of December 31, 2020.

ASSET CLASS RETURNS QUILT

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Return (2008 - 2022)	Risk (2008 - 2022)
U.S. Core Bond 5.24%	Intl Emerging 79.02%	Real Estate 28.07%	Real Estate 9.37%	Intl Emerging 18.63%	U.S. Small Cap -41.31%	Real Estate 32.00%	Real Estate 4.48%	U.S. Small Cap 26.56%	Intl Emerging 37.75%	Cash Alt. 1.82%	U.S. Large Cap Blend 31.49%	Intl Emerging 18.69%	Real Estate 45.91%	Comdty. 16.09%	U.S. Small Cap 8.69%	Real Estate 26.23%
Cash Alt. 1.77%	U.S. Mid Cap 37.38%	U.S. Mid Cap 26.64%	U.S. Core Bond 7.84%	Intl Devlpd. 17.90%	U.S. Mid Cap 33.50%	U.S. Large Cap Blend 13.69%	U.S. Large Cap Blend 1.38%	U.S. Mid Cap 20.74%	Intl Devlpd. 25.62%	U.S. Core Bond 0.01%	U.S. Mid Cap 26.20%	U.S. Large Cap Blend 18.40%	U.S. Large Cap Blend 28.71%	Cash Alt. 1.52%	U.S. Mid Cap 8.87%	U.S. Small Cap 23.00%
Diversified Portfolio -25.50%	Intl Devlpd. 32.46%	U.S. Small Cap 26.31%	U.S. Large Cap Blend 2.11%	U.S. Mid Cap 17.88%	U.S. Large Cap Blend 32.39%	U.S. Mid Cap 9.77%	U.S. Core Bond 0.55%	U.S. Large Cap Blend 11.96%	U.S. Large Cap Blend 21.83%	Real Estate -4.22%	Real Estate 23.10%	Diversified Portfolio 13.83%	Comdty. 27.11%	U.S. Core Bond -13.01%	U.S. Large Cap Blend 8.81%	Intl Emerging 22.69%
U.S. Small Cap -31.07%	Real Estate 28.46%	Intl Emerging 19.20%	U.S. Small Cap 1.02%	Real Estate 17.12%	Intl Devlpd. 23.29%	U.S. Core Bond 5.97%	Cash Alt. 0.03%	Comdty. 11.77%	U.S. Mid Cap 16.24%	U.S. Large Cap Blend -4.38%	U.S. Small Cap 22.78%	U.S. Mid Cap 13.66%	U.S. Small Cap 26.82%	U.S. Mid Cap -13.06%	Real Estate 5.52%	U.S. Mid Cap 21.39%
Comdty. -35.65%	U.S. Large Cap Blend 26.46%	Comdty. 16.83%	Cash Alt. 0.07%	U.S. Small Cap 16.33%	Diversified Portfolio 12.68%	U.S. Small Cap 5.76%	Intl Devlpd. -0.39%	Intl Emerging 11.60%	Diversified Portfolio 13.77%	Diversified Portfolio -5.22%	Intl Devlpd. 22.66%	U.S. Small Cap 11.29%	U.S. Mid Cap 24.76%	Intl Devlpd. -14.01%	Diversified Portfolio 4.65%	Intl Devlpd. 19.50%
U.S. Mid Cap -36.23%	U.S. Small Cap 25.57%	U.S. Large Cap Blend 15.06%	Diversified Portfolio -0.83%	U.S. Large Cap Blend 16.00%	Real Estate 1.22%	Diversified Portfolio 5.29%	Diversified Portfolio -0.66%	Real Estate 6.68%	U.S. Small Cap 13.23%	U.S. Small Cap -8.48%	Diversified Portfolio 19.81%	Intl Devlpd. 8.28%	Intl Devlpd. 31.78%	Diversified Portfolio -15.78%	U.S. Core Bond 2.66%	U.S. Large Cap Blend 17.58%
U.S. Large Cap Blend -37.00%	Diversified Portfolio 23.47%	Diversified Portfolio 11.09%	U.S. Mid Cap -1.73%	Diversified Portfolio 11.87%	Cash Alt. 0.05%	Cash Alt. 0.02%	U.S. Small Cap -1.97%	Diversified Portfolio 6.28%	Real Estate 3.76%	U.S. Mid Cap -11.08%	Intl Emerging 18.88%	U.S. Core Bond 7.51%	Diversified Portfolio 10.48%	U.S. Small Cap -16.10%	Intl Devlpd. 2.29%	Comdty. 17.37%
Real Estate -39.20%	Comdty. 18.91%	Intl Devlpd. 8.21%	Intl Devlpd. -11.73%	U.S. Core Bond 4.21%	U.S. Core Bond -2.02%	Intl Emerging -1.82%	U.S. Mid Cap -2.18%	U.S. Core Bond 2.65%	U.S. Core Bond 3.54%	Comdty. -11.25%	U.S. Core Bond 8.72%	Cash Alt. 0.54%	Cash Alt. 0.04%	U.S. Large Cap Blend -18.11%	Intl Emerging 1.00%	Diversified Portfolio 11.40%
Intl Devlpd. -43.06%	U.S. Core Bond 5.93%	U.S. Core Bond 6.54%	Comdty. -13.32%	Cash Alt. 0.08%	Intl Emerging -2.27%	Intl Devlpd. -4.48%	Intl Emerging -14.60%	Intl Devlpd. 1.51%	Comdty. 1.71%	Intl Devlpd. -13.36%	Comdty. 7.69%	Comdty. -3.12%	U.S. Core Bond -1.54%	Intl Emerging -19.74%	Cash Alt. 0.63%	U.S. Core Bond 4.16%
Intl Emerging -53.18%	Cash Alt. 0.15%	Cash Alt. 0.13%	Intl Emerging -18.17%	Comdty. -1.06%	Comdty. -9.52%	Comdty. -17.01%	Comdty. -24.66%	Cash Alt. 0.26%	Cash Alt. 0.82%	Intl Emerging -14.24%	Cash Alt. 2.21%	Real Estate -11.20%	Intl Emerging -2.22%	Real Estate -25.96%	Comdty. -2.60%	Cash Alt. 0.25%

Data Source: YCharts. Total Returns are used for each index/model

* Return represents the average annual return during the period shown.

** Risk is represented by Standard Deviation, which is the measure of the total volatility in a portfolio. It shows how widely a portfolio's returns have varied around the average over a period of time.

ASSET ALLOCATION

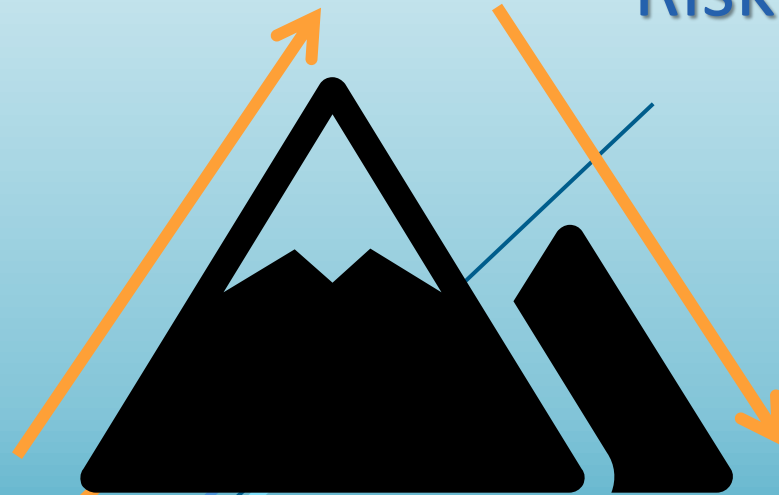
Choosing Your Investment Mix

Consider...

Risk and Return

Buy and Hold

Diversify



F, C, S, I



G



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%

Step #1:

Understanding Your Target Retirement Income (TRI)

Gross Income - Spouse A	\$150,000
Gross Income - Spouse B	\$100,000
	\$0
Total Gross Income	\$250,000

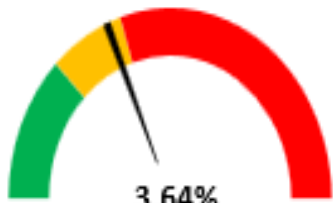
Less	
TSP/401(k)	\$27,000
TSP/401(k)	\$27,000
Social Security	\$17,540
Savings	\$0
Mortgage	\$0
Roth TSP	\$0
Roth	\$0
Non/Qualified IRA	\$0
College	\$0
Credit Cards	\$0
Tax Equivalent	\$0

Total Payments	\$71,540
-----------------------	-----------------

Target Retirement Income	<u>\$178,460</u>
---------------------------------	-------------------------

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	Withdrawal Rate Pressure
0.0%	\$52,775	←	GUARANTEED	Social Security		 3.64%
0.0%	\$67,511	←		Pensions		
	\$120,286	←		Total Guaranteed Income		
<input checked="" type="checkbox"/> 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		

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

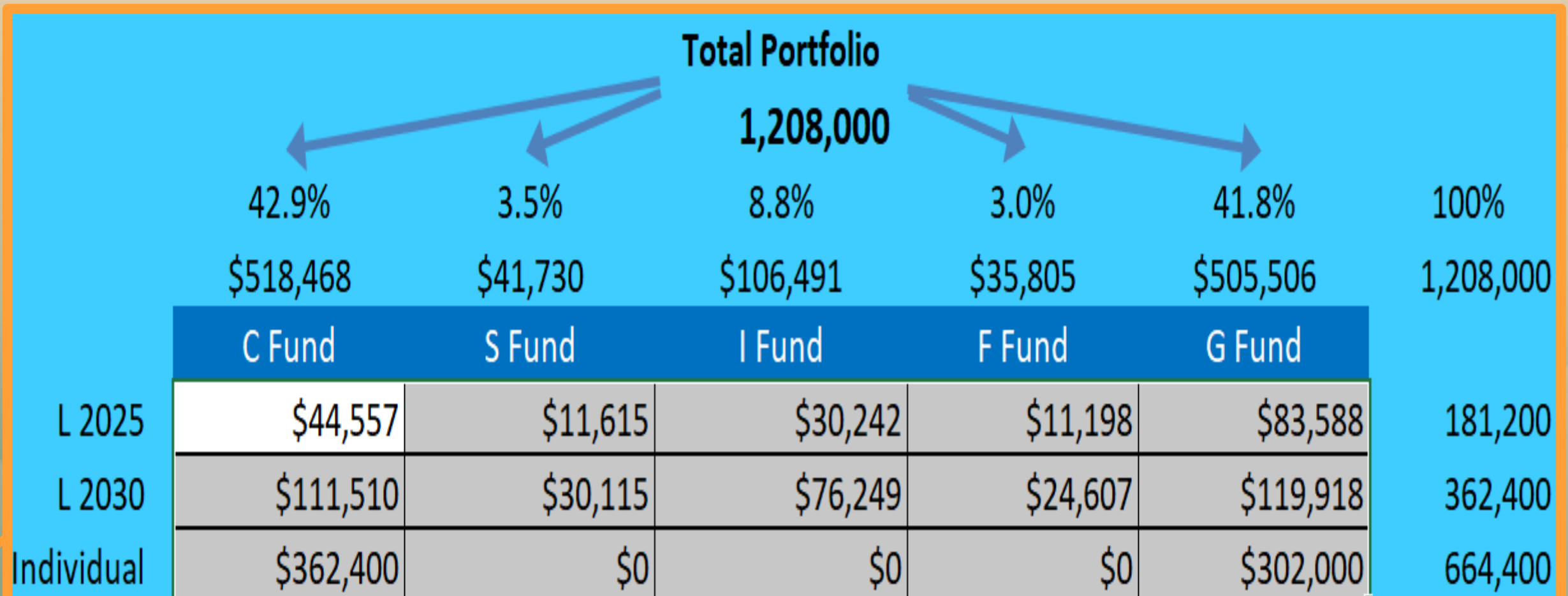
1 – Current TSP 55% / 45%

\$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

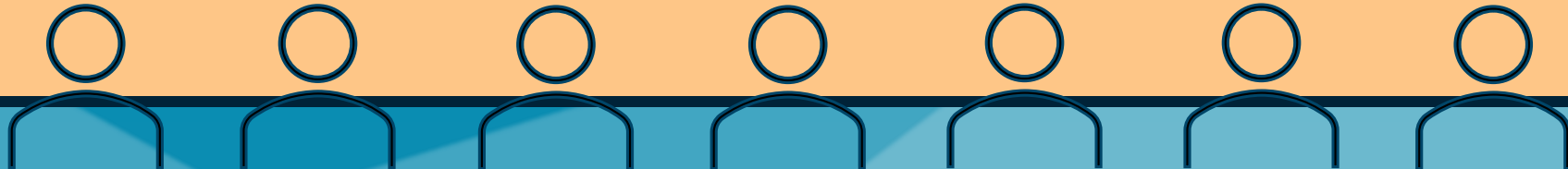
Asset Allocation



Have you heard....

The CLOSER you get
to retirement...

The MORE
conservative
you get

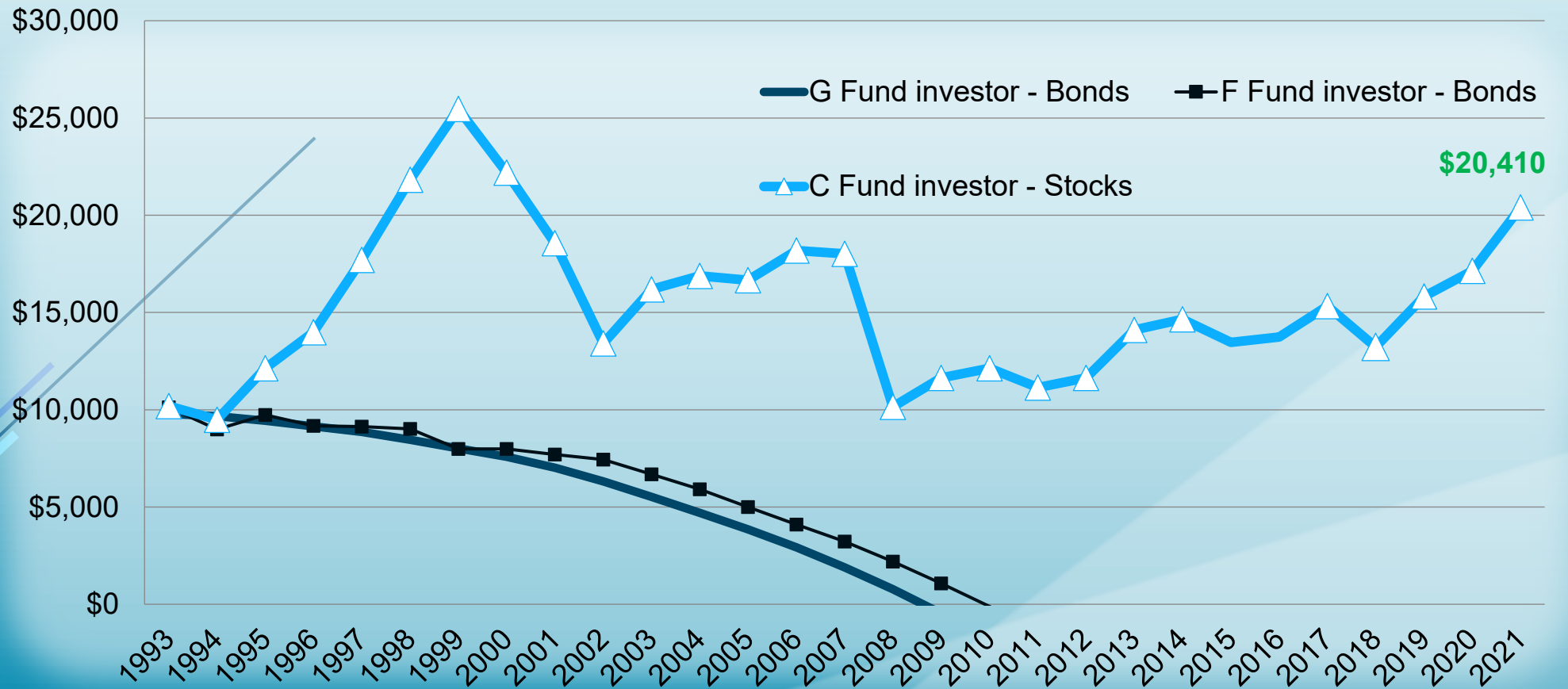


Loss of Purchasing Power: What Happens When You Start Spending?

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

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	Year	BOY Balance	Return	Withdrawal	EOY Balance
1991	\$1,000,000	30.47%	\$79,713	\$1,200,698	1981	\$2,864,734	-4.88%	\$79,713	\$2,649,112
1990	\$1,200,698	-3.10%	\$79,713	\$1,086,235	1980	\$2,649,112	32.45%	\$79,713	\$3,403,169
1989	\$1,086,235	31.69%	\$79,713	\$1,325,489	1979	\$3,403,169	18.45%	\$79,713	\$3,939,634
1988	\$1,325,489	16.61%	\$79,713	\$1,452,699	1978	\$3,939,634	6.52%	\$79,713	\$4,108,392
1987	\$1,452,699	5.18%	\$79,713	\$1,444,107	1977	\$4,108,392	-7.19%	\$79,713	\$3,739,017
1986	\$1,444,107	18.62%	\$79,713	\$1,618,444	1976	\$3,739,017	23.81%	\$79,713	\$4,530,585
1985	\$1,618,444	31.84%	\$79,713	\$2,028,663	1975	\$4,530,585	37.14%	\$79,713	\$6,103,925
1984	\$2,028,663	6.22%	\$79,713	\$2,070,174	1974	\$6,103,925	-26.31%	\$79,713	\$4,439,925
1983	\$2,070,174	22.46%	\$79,713	\$2,437,519	1973	\$4,439,925	-14.67%	\$79,713	\$3,719,986
1982	\$2,437,519	21.50%	\$79,713	\$2,864,734	19 Yrs. Average ROR		12.98%	\$1,514,547	\$3,719,986

COMPARE

1973 - 1991

1991 - 1973

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



\$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.

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.

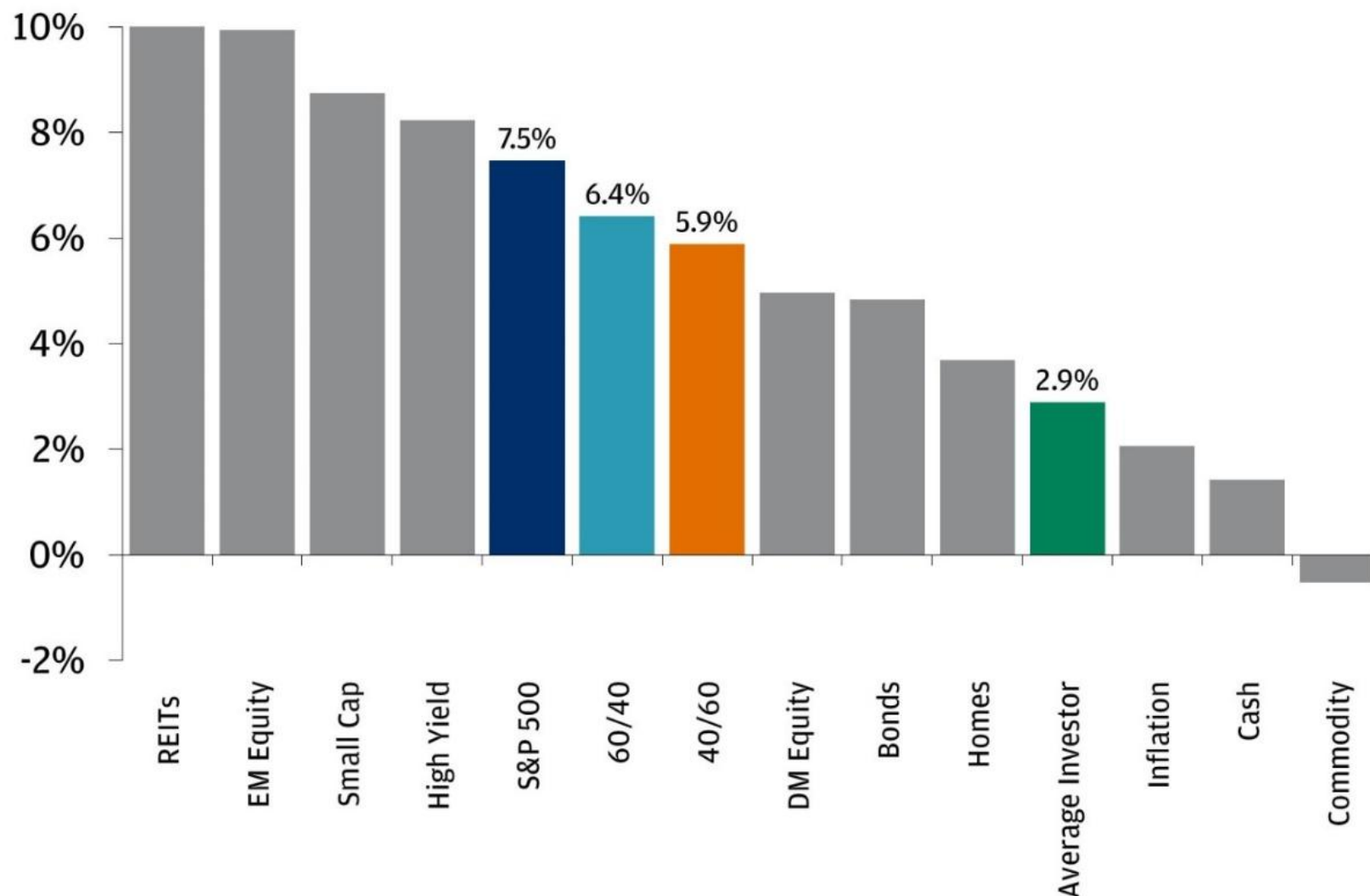
Have you ever had someone tell you "Oh it's not hard, you can do it."

3.5%

Despite strong index returns over time, the “average investor” has underperformed a basic, indexed 60/40 portfolio by 3.5% annualized.

DIVERSIFICATION AND THE AVERAGE INVESTOR

20-year annualized return by asset class (2001 - 2020)



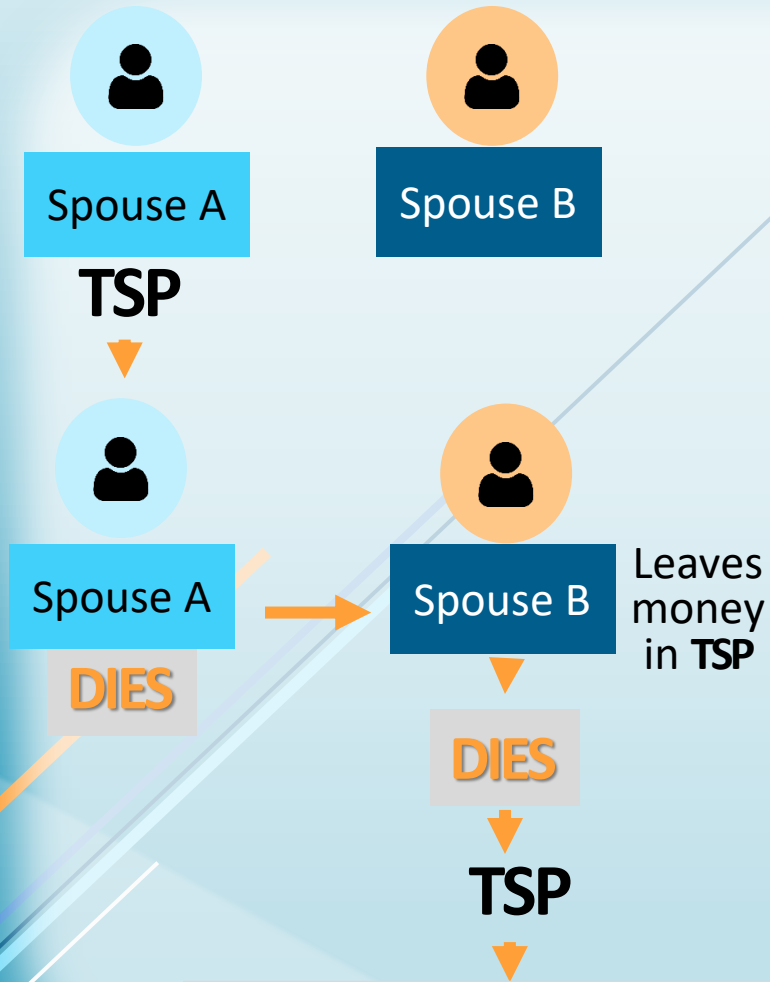
Source: DALBAR Inc., MSCI, NAREIT, Russell, J.P. Morgan Asset Management. Data as of December 31, 2020.

Stretch IRA is Back



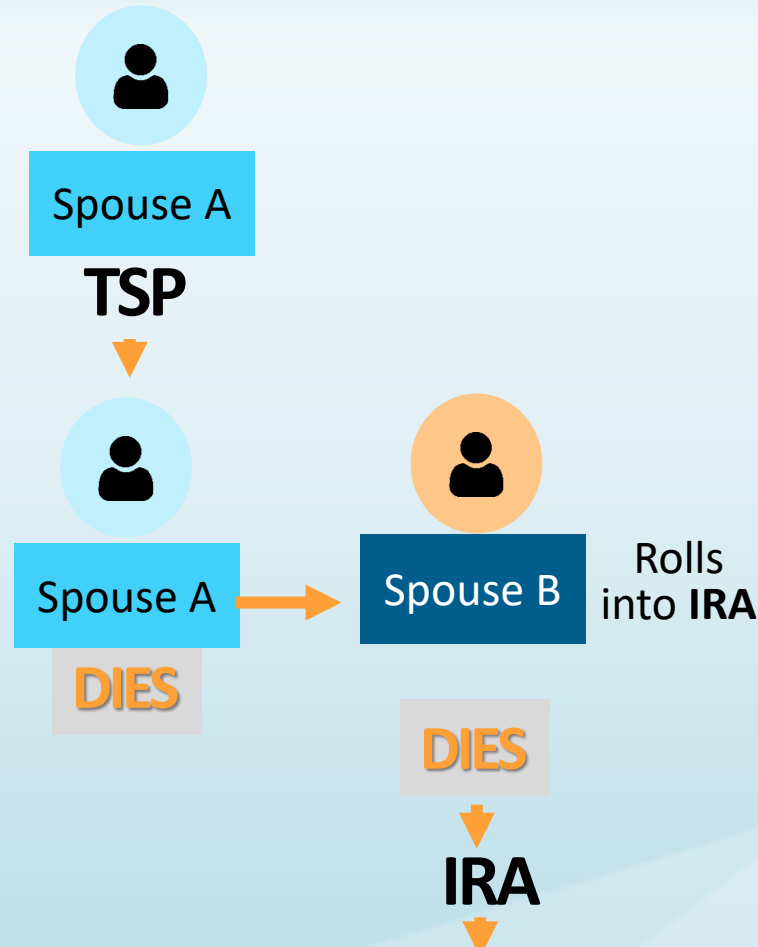
Secure Act 2.0

Scenario 1



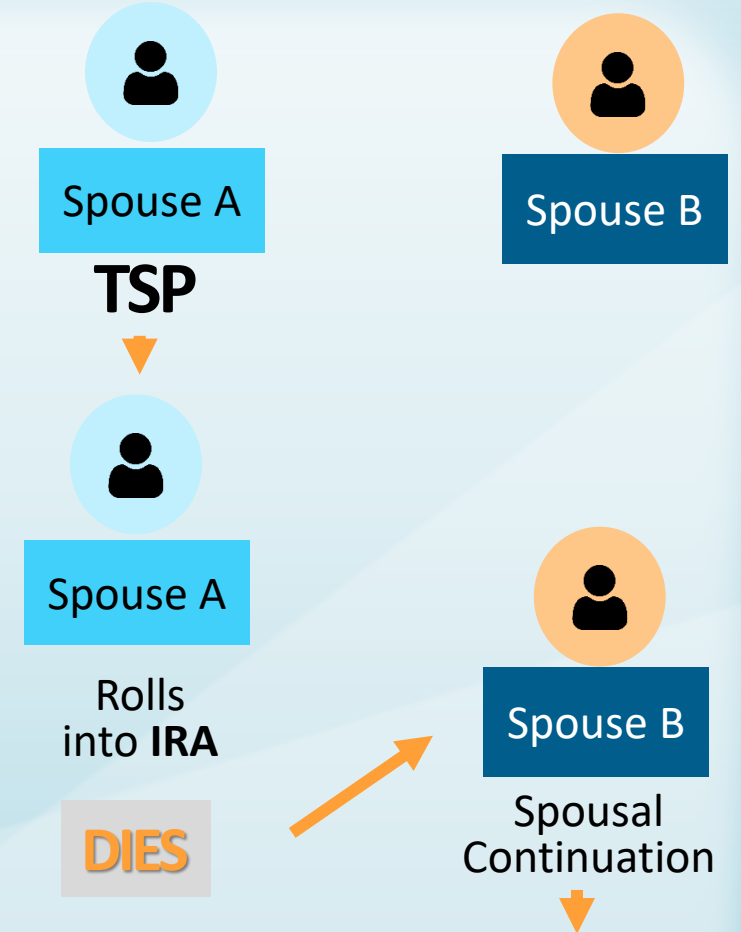
All Taxable at Once

Scenario 2



10 Yrs. Spend Down

Scenario 3

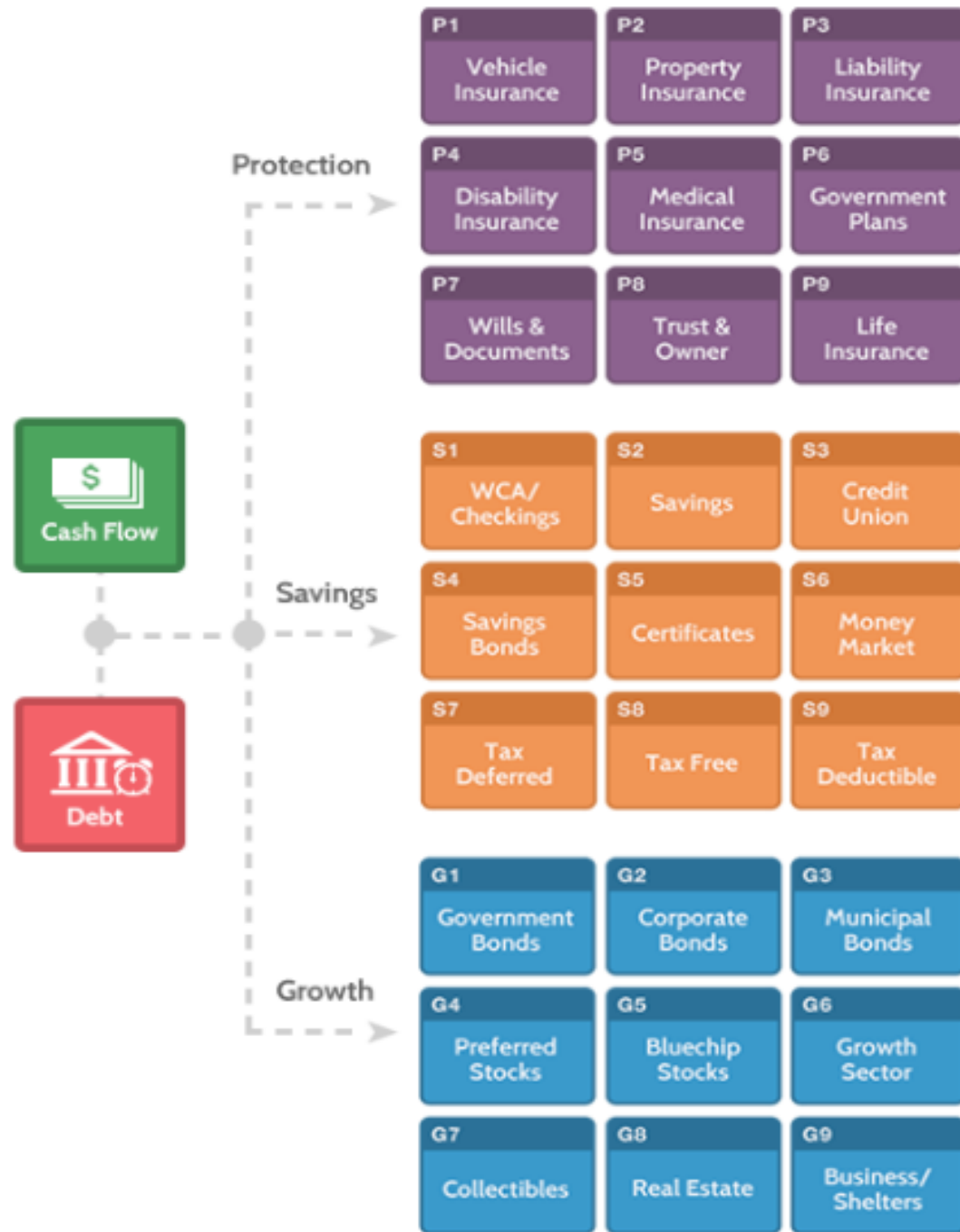


Stretch IRA

The image features a dark silhouette of a mountain peak against a light blue background with geometric shapes. Two hikers, each with a large backpack and using trekking poles, are positioned on the peak. The hiker on the left is standing on a higher part of the peak, while the hiker on the right is on a lower part. The word 'ACCUMULATION' is written in bold black capital letters on the left side, and 'DISTRIBUTION' is written in bold black capital letters on the right side. Several diagonal lines in orange, blue, and white are visible on the left side of the image.

ACCUMULATION

DISTRIBUTION





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<https://www.surveymonkey.com/r/DCSOFASURVEY>



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