



THE SOCIETY FOR FINANCIAL AWARENESS  
DC Metropolitan Chapter [www.dcofa.org](http://www.dcofa.org)

## INVESTING IN THE TSP



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# WHAT IS THE TSP? = Thrift Savings Plan

The TSP is a defined contribution plan that allows you to invest in stocks, bonds *and* the G Fund.

## Why

- **Pre-tax:** Contributions taken out before taxes withheld, reducing taxable income.
- **Tax deferral:** Taxes are deferred until you withdraw your money.
- For FERS employees: an **integral part** of your retirement package, along with your FERS Basic Annuity and Social Security.
- For CSRS employees: a **supplement** to the CSRS annuity.



## Note

- Your TSP retirement income **depends** on how much is contributed and earned during your working years.
- The value of your account and the amount of benefits are **not guaranteed**.
- Contributions are **voluntary**
- **Separate** from your contributions to your FERS Basic Annuity or CSRS annuity.

# Traditional & ROTH TSP



- **Traditional (pre-tax)**-You defer paying taxes on your contributions and their earnings until you withdraw them. If you are a uniformed services member making tax-exempt contributions, your contributions will be tax-free at withdrawal but your earnings will be subject to tax.

- **Roth (after-tax)**- You pay taxes on your contributions as you make them (unless you are making tax-exempt contributions), and your earnings are tax-free at withdrawal as long as you meet certain IRS requirements

The Treatment of...	Traditional TSP	Roth TSP
<b>Contributions</b>	<i>Pre-tax</i>	<i>After-tax</i> <sup>1</sup>
<b>Your Paycheck</b>	<i>Taxes are deferred*</i> , so less money is taken out of your paycheck.	<i>Taxes are paid up front*</i> , so more money comes out of your paycheck.
<b>Transfers In</b>	<i>Transfers</i> allowed from eligible employer plans and traditional IRAs	<i>Transfers</i> allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
<b>Transfers Out</b>	<i>Transfers</i> allowed to eligible employer plans, traditional IRAs, and Roth IRAs <sup>2</sup>	<i>Transfers</i> allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs <sup>3</sup>
<b>Withdrawals</b>	<i>Taxable</i> when withdrawn	<i>Tax-free</i> earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased

# To Clear Up the Confusion

## ROTH TSP vs. ROTH IRA

	Roth TSP	Roth IRA	
Required Minimum Distributions	No	No	Phase Out!!!!
Income Limitation for Contributions	No	Yes	Single/Head of Household: \$146,000-\$161,000 Married Filing Joint: \$230,000 - \$240,000
Annual Maximum Contributions	\$23,500	\$7,000	
Catch Up Provision 50+	\$7,500	\$1,000	
Total Potential Annual Contribution	\$31,000	\$8,000	

# TSP Fund Basics:

## Two approaches to investing your money:

**Individual Funds** - You can make your own decisions about your investment mix by choosing from any or all of the individual TSP investment funds (C, S, I, F, and G Funds).

**L Funds** - These are "lifecycle" funds that are invested according to a professionally designed mix of stocks, bonds, and Government securities. You select your L Fund based on your "time horizon," the future date at which you plan to start withdrawing your money. Depending on your plans, this may be right away or some time in the future.

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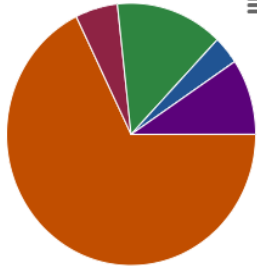
Stocks, bonds and G (savings). The Lifecycle Funds are composed of various combinations of the G, F, C, S and I funds.

## The Traditional Funds

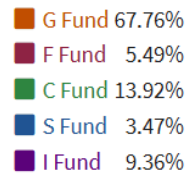
C Fund	S Fund	I Fund	F Fund	G Fund
US Stocks, Large Companies	US Stocks	International Stocks	US Bonds	Savings Type Account

# L Funds Allocation Comparison

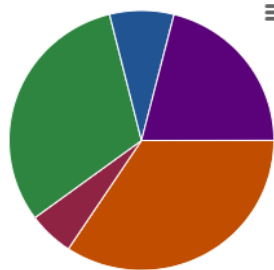
L Income



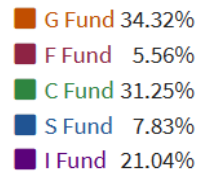
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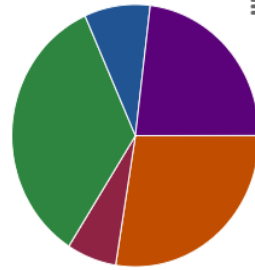
L 2030



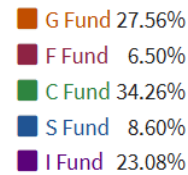
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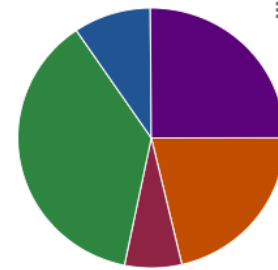
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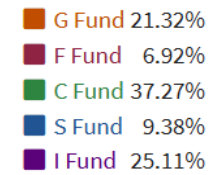
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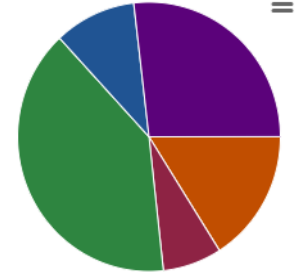
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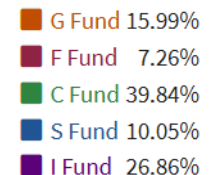
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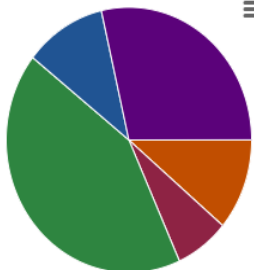
L 2045



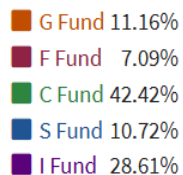
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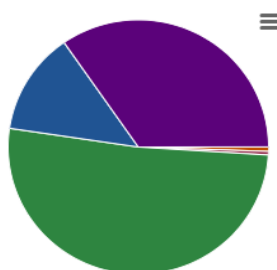
L 2050



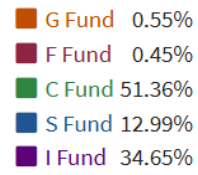
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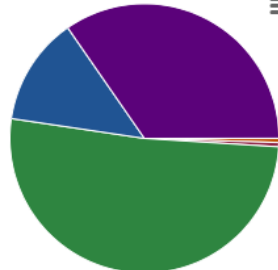
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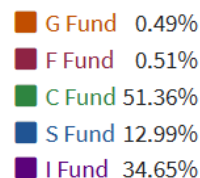
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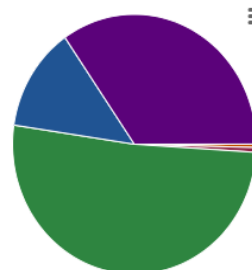
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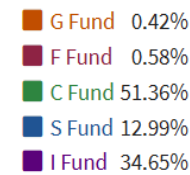
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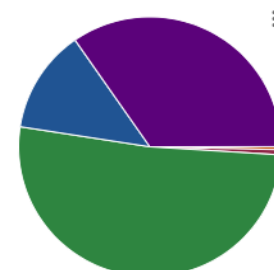
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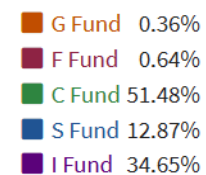
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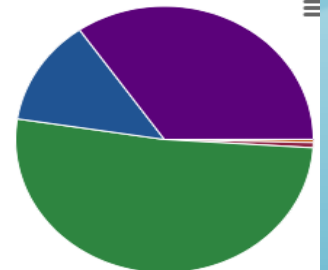
L 2070



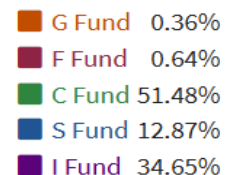
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L 2075



April 2025



# Recent Investment Returns for the TSP Funds

Rates of return as of December 31, 2024

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
<b>Inception Date</b>	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
<b>1 year</b>	4.42%	6.07%	15.11%	15.61%	16.91%
<b>3 year</b>	4.23%	2.56%	19.66%	15.24%	15.86%
<b>5 year</b>	3.11%	-0.64%	16.61%	11.68%	11.32%
<b>10 year</b>	2.65%	1.88%	13.62%	9.22%	6.78%
<b>Since Inception</b>	4.65%	5.29%	11.19%	9.23%	5.65%



# Asset Class Returns

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

# 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%		

# ASSET ALLOCATION

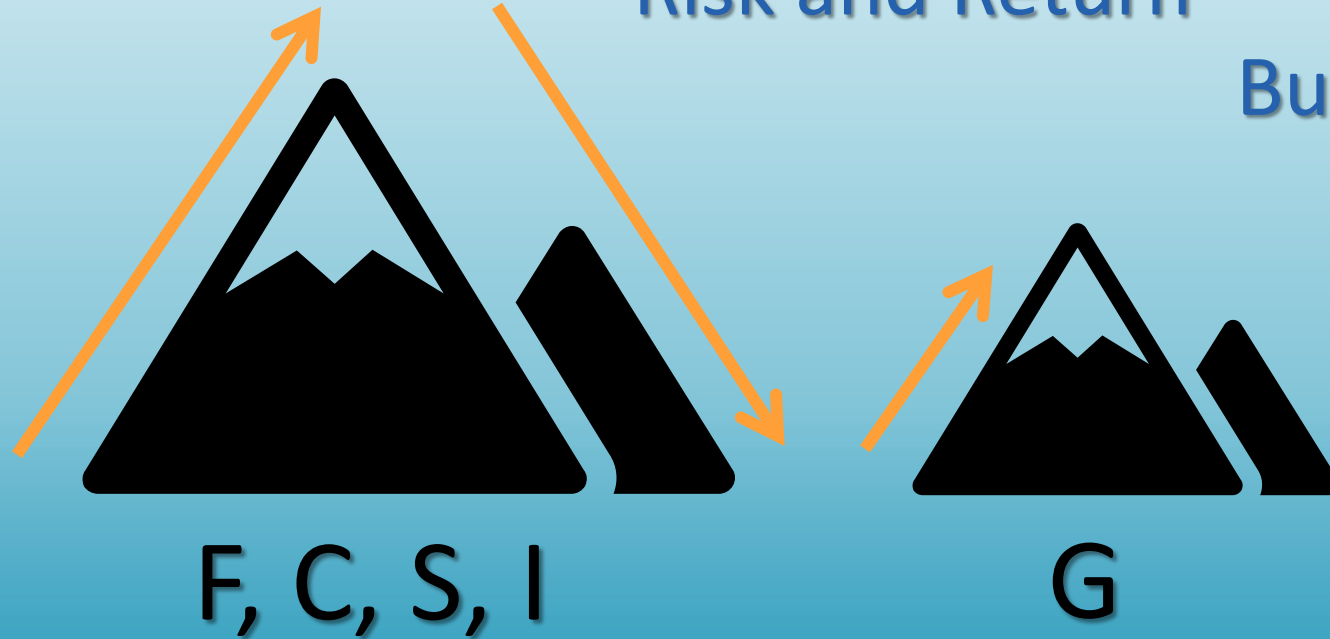
## Choosing Your Investment Mix

*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?

<b>Withdrawal Rate</b>	<b>100/0</b>	<b>75/25</b>	<b>50/50</b>	<b>25/75</b>	<b>0/100</b>
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
<b>Total Gross Income</b>	<b>\$250,000</b>
<b>Less</b>	
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
<b>Total Payments</b>	<b>\$71,540</b>
<b>Target Retirement Income</b>	<b>\$178,460</b>

## Step #2: Understanding Your Investment Income Need

Target Retirement Income	\$178,460
Social Security	(\$52,775)
Pension	(\$67,511)
<b>Investment Income Needed</b>	<b>\$58,174</b>



# Asset Allocation

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

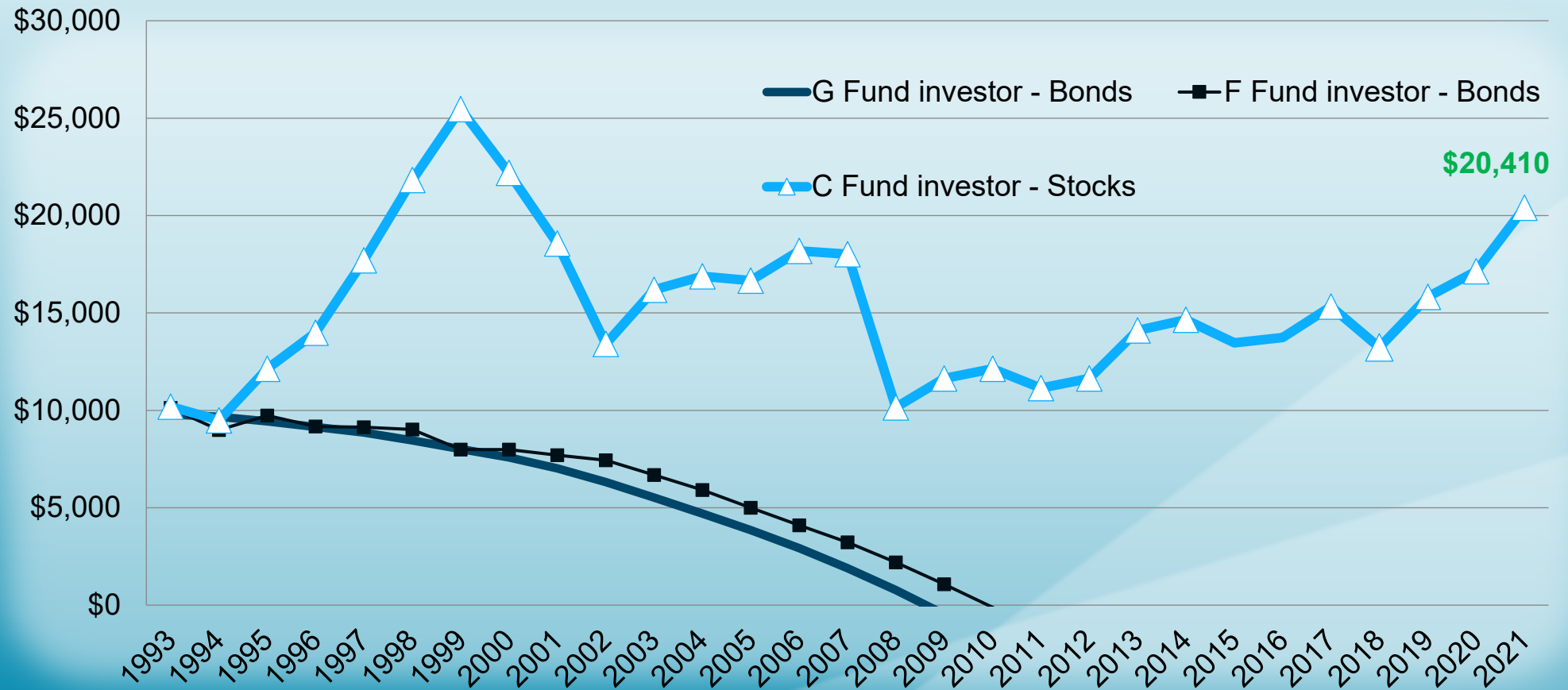


# Loss of Purchasing Power: What Happens When You Start Spending?

## 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



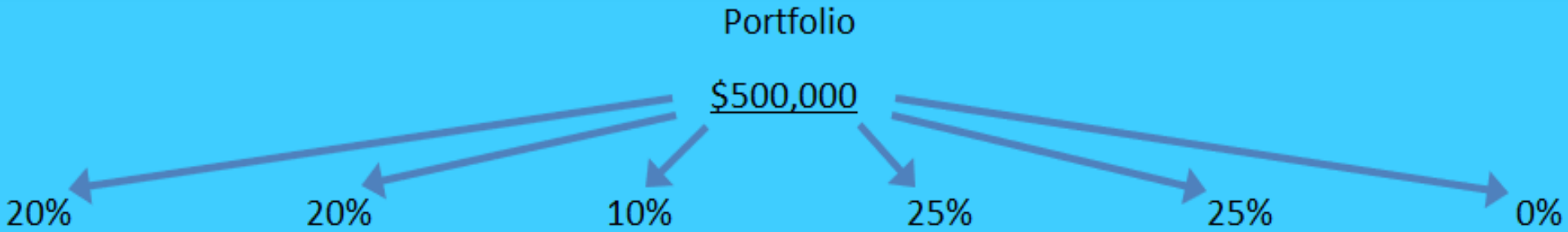
Courtesy of Leap Systems

**\$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%



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

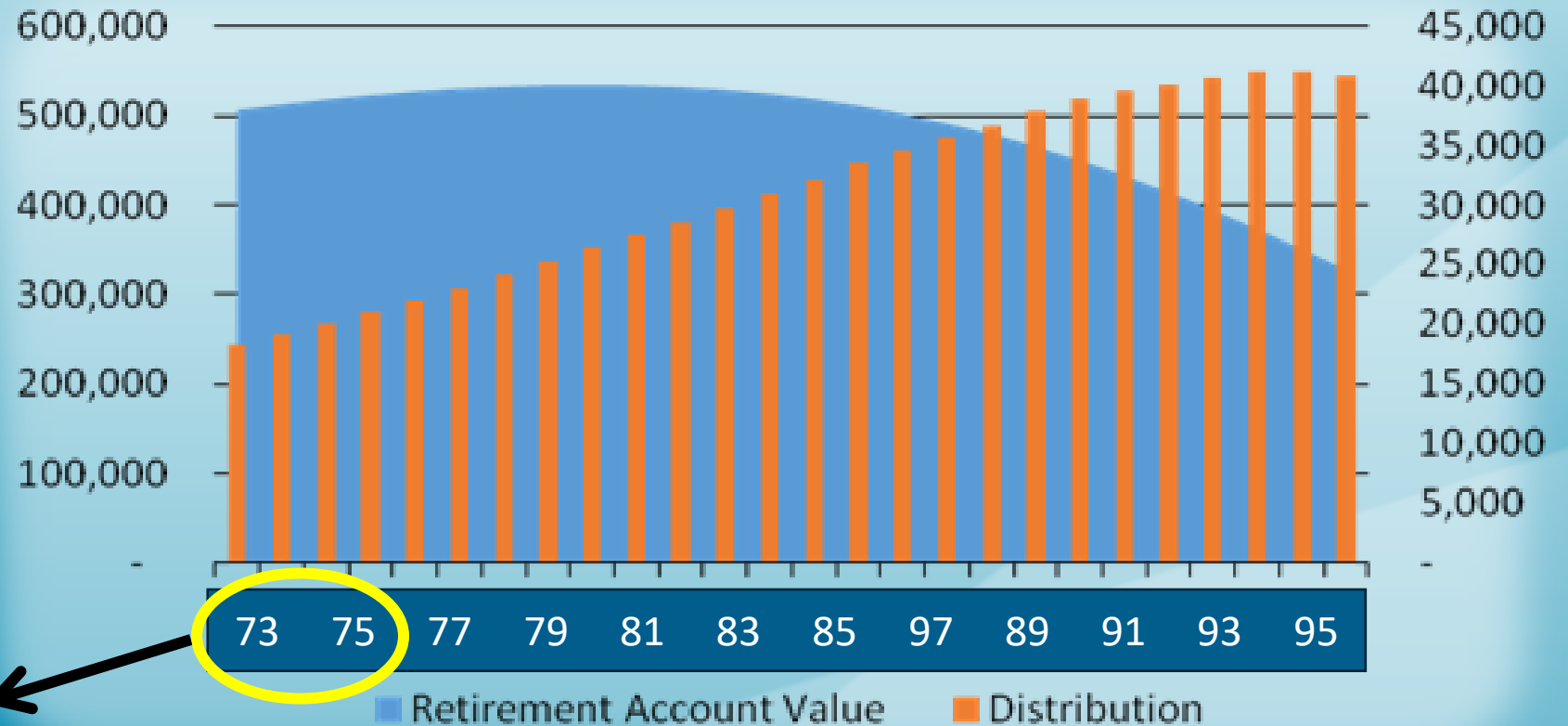
# Which RMD to use?

<b>Age</b>	<b>Individuals impacted</b>	<b>Effective Year</b>
<b>Age 72 (or 70 1/2)</b>	<b>Born 1950 or earlier</b>	-
<b>Age 73</b>	<b>Born 1951 – 1959</b>	2023
<b>Age 75</b>	<b>Born 1960 or later</b>	2033

# RMDs Increase...

Assumes 5% annual return and starting value of \$500,000

## Effect of RMDs



**AGE 73...75**

**NOTE:** The age for withdrawing from retirement accounts was increased in 2020 to 72 from 70.5. (Note that the SECURE 2.0 Act will raise the age for RMDs to 73 for those who turn 72 in 2023.) Therefore, your first RMD must be taken by April 1 of the year after which you turn 72 (73 in 2023). After that your RMDs must be taken by December 31 of each year.

# Traditional & ROTH TSP



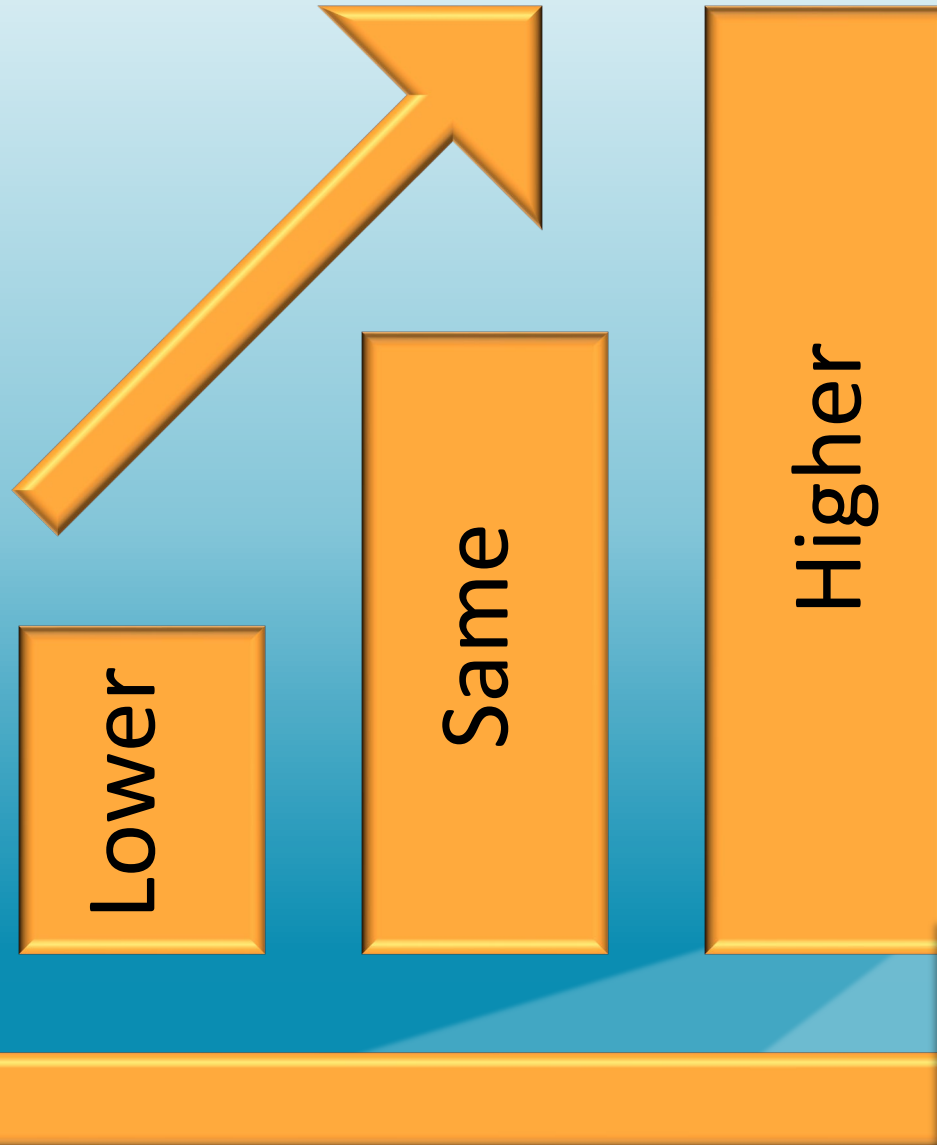
## Options

The Treatment of...	Traditional TSP	Roth TSP
<b>Contributions</b>	<i>Pre-tax</i>	<i>After-tax</i> <sup>1</sup>
<b>Your Paycheck</b>	<i>Taxes are deferred*</i> , so less money is taken out of your paycheck.	<i>Taxes are paid up front*</i> , so more money comes out of your paycheck.
<b>Transfers In</b>	<i>Transfers</i> allowed from eligible employer plans and traditional IRAs	<i>Transfers</i> allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
<b>Transfers Out</b>	<i>Transfers</i> allowed to eligible employer plans, traditional IRAs, and Roth IRAs <sup>2</sup>	<i>Transfers</i> allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs <sup>3</sup>
<b>Withdrawals</b>	<i>Taxable</i> when withdrawn	<i>Tax-free</i> earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased



# STEP #4: Understanding Your Tax Picture

**Will you  
be in a**



**TAX BRACKET  
when you retire?**

**A**  
**Traditional TSP**

Years ---> 1 -- 20

\$18,000 @ 5% ROR → 401(k)



Accumulated: **\$624,947**

X 4% W/D

---

\$24,997

*(taxes, Fed 25% + State 6%) - \$7,749*

---

**\$17,248.00**

**B**  
**Roth/Roth TSP**

Years ---> 1 -- 20

\$18,000 x 25% Fed + 6% State =  
\$12,420 @ 5% ROR → Roth



Accumulated: **\$431,213**

X 4% W/D

---

**\$17,248.00**

# ROTH Or Traditional TSP...

You Retire in the Same Tax Bracket that  
You Were Working In

## Pros Roth

- Rule out Government Legislative Risk
- NO RMDS!
- Transfers to heirs tax-free
- Tax-Free Withdrawals

## Pros Traditional

- Geography plan
- Defer State Tax – If you moved to a state with NO state tax, it could be a tax savings on distributions.

# Target Retirement Income

Gross Income - Sue	\$107,000
Gross Income - Bill	\$0
<b>Total Gross Income</b>	<b>\$107,000</b>
<b>Less</b>	
TSP/401(k)	\$24,500
IRA	\$6,500
Social Security	\$6,634
IRA	\$6,500
Mortgage	\$0
College	\$0
Credit Cards	\$0
Debts	\$0
Tax Equivalent	\$0
Non/Qualified IRA	\$0
Roth	\$0
<b>Total Payments</b>	<b>\$44,134</b>
<b>Target Retirement Income</b>	<b>\$62,866</b>

# Present Position Financial Model

PRESENT

Income	\$0	
<b>Total Income</b>	<b>\$107,000</b>	
Additional Information		
Sue 61-62;		
Bill 61-62		
<b>Retirement Income Projections</b>		
Sue	COLA 0% Pension	\$0
	WD 0% Social Security	\$0
	0% 0% Tax Deferred	\$0
	0% 0% Roth	\$0
	0% 0% 401k & IRA	\$0
	<b>TOTAL</b>	<b>\$0</b>
Bill	COLA 0% Pension	\$0
	WD 0% Social Security	\$0
	0% 0% Tax Deferred	\$0
	0% 0% Roth	\$0
	0% 0% IRA	\$0
	<b>TOTAL</b>	<b>\$0</b>
W/D Rate from Cash Assets		
Total Income at year # 1 =		\$0
0.0% Target Retirement Income		\$62,866

0	2,360	0				0
Employee	Match	Add.	Regular Savings	CD's	College Savings	Rate Future Value
			Savings 100,000			1% 101,000
						1% 0
						1% 0
			Tax Deferred	Roth	401k & IRA	
			6,500		IRA 550,000	4% 0
						4% 68,640
				roth 66,000		4% 926,640
			24,500		TSP 310,000	
				Tax Deferred	Roth	IRA
						4% 0
						4% 22,880
				roth 22,000		4% 318,760
			6,500		IRA 300,000	
0	0	37,500				1,437,920
			Government Bonds	Corporate Bonds	BoA Trust	Rate Future Value
						5% 0
					25,000	5% 0
						5% 26.250

# What is Your Tax Bracket?

Your Line 15: \$183,000 ~ So, what marginal rate are you in now?

## Tax Bracket 2025

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$11,925	\$0 to \$23,850	\$0 to \$17,000
12%	\$11,925 to \$48,475	\$23,850 to \$96,950	\$17,000 to \$64,850
22%	\$48,475 to \$103,350	\$96,950 to \$206,700	\$64,850 to \$103,350
24%	\$103,350 to \$197,300	\$206,700 to \$394,600	\$103,350 to \$197,300
32%	\$197,300 to \$250,525	\$394,600 to \$501,050	\$197,300 to \$250,500
35%	\$250,525 to \$626,350	\$501,050 to \$751,600	\$250,500 to \$626,350
37%	\$626,350 or more	\$751,600 or more	\$626,350 or more

How many of you think you will be in a lower tax bracket when you retire?

# IRS Form 1040

**Taxable Income**

Form **1040** U.S. Individual Income Tax Return **2024** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Department of the Treasury—Internal Revenue Service

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning \_\_\_\_\_, 2024, ending \_\_\_\_\_, 20\_\_\_\_\_ See separate instructions.

Your first name and middle initial \_\_\_\_\_ Last name \_\_\_\_\_ Your social security number \_\_\_\_\_

If joint return, spouse's first name and middle initial \_\_\_\_\_ Last name \_\_\_\_\_ Spouse's social security number \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see instructions. \_\_\_\_\_ Apt. no. \_\_\_\_\_ Presidential Election Campaign  
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  You  Spouse

City, town, or post office. If you have a foreign address, also complete spaces below. \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_

Foreign country name \_\_\_\_\_ Foreign province/state/county \_\_\_\_\_ Foreign postal code \_\_\_\_\_

**Filing Status**  Single  Head of household (HOH)  
 Married filing jointly (even if only one had income)  
 Married filing separately (MFS)  Qualifying surviving spouse (QSS)  
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: \_\_\_\_\_  
 If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): \_\_\_\_\_

**Digital Assets** At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.)  Yes  No

**Standard Deduction** **Someone can claim:**  You as a dependent  Your spouse as a dependent  
 Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness You:**  Were born before January 2, 1960  Are blind **Spouse:**  Was born before January 2, 1960  Is blind

**Dependents** (see instructions):

	(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions): Child tax credit	Credit for other dependents
If more than four dependents, see instructions and check here <input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

**Income**

<b>1a</b> Total amount from Form(s) W-2, box 1 (see instructions)		<b>1a</b>	
<b>b</b> Household employee wages not reported on Form(s) W-2		<b>1b</b>	
<b>c</b> Tip income not reported on line 1a (see instructions)		<b>1c</b>	
<b>d</b> Medicaid waiver payments not reported on Form(s) W-2 (see instructions)		<b>1d</b>	
<b>e</b> Taxable dependent care benefits from Form 2441, line 26		<b>1e</b>	
<b>f</b> Employer-provided adoption benefits from Form 8839, line 29		<b>1f</b>	
<b>g</b> Wages from Form 8919, line 6		<b>1g</b>	
<b>h</b> Other earned income (see instructions)		<b>1h</b>	
<b>i</b> Nontaxable combat pay election (see instructions)		<b>1i</b>	
<b>z</b> Add lines 1a through 1h		<b>1z</b>	
<b>2a</b> Tax-exempt interest	<b>2a</b>	<b>b</b> Taxable interest	<b>2b</b>
<b>3a</b> Qualified dividends	<b>3a</b>	<b>b</b> Ordinary dividends	<b>3b</b>
<b>4a</b> IRA distributions	<b>4a</b>	<b>b</b> Taxable amount	<b>4b</b>
<b>5a</b> Pensions and annuities	<b>5a</b>	<b>b</b> Taxable amount	<b>5b</b>
<b>6a</b> Social security benefits	<b>6a</b>	<b>b</b> Taxable amount	<b>6b</b>
<b>c</b> If you elect to use the lump-sum election method, check here (see instructions)			
<b>7</b> Capital gain or (loss). Attach Schedule D if required. If not required, check here		<b>7</b>	
<b>8</b> Additional income from Schedule 1, line 10		<b>8</b>	
<b>9</b> Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b>		<b>9</b>	
<b>10</b> Adjustments to income from Schedule 1, line 26		<b>10</b>	
<b>11</b> Subtract line 10 from line 9. This is your <b>adjusted gross income</b>		<b>11</b>	
<b>12</b> <b>Standard deduction or itemized deductions</b> (from Schedule A)		<b>12</b>	
<b>13</b> Qualified business income deduction from Form 8995 or Form 8995-A		<b>13</b>	
<b>14</b> Add lines 12 and 13		<b>14</b>	
<b>15</b> Subtract line 14 from line 11. If zero or less, enter -0-. This is your <b>taxable income</b>		<b>15</b>	

Attach Sch. B if required.

**Standard Deduction for—**  
 • Single or Married filing separately, \$14,600  
 • Married filing jointly or Qualifying surviving spouse, \$29,200  
 • Head of household, \$21,900  
 • If you checked any box under Standard

see instructions.





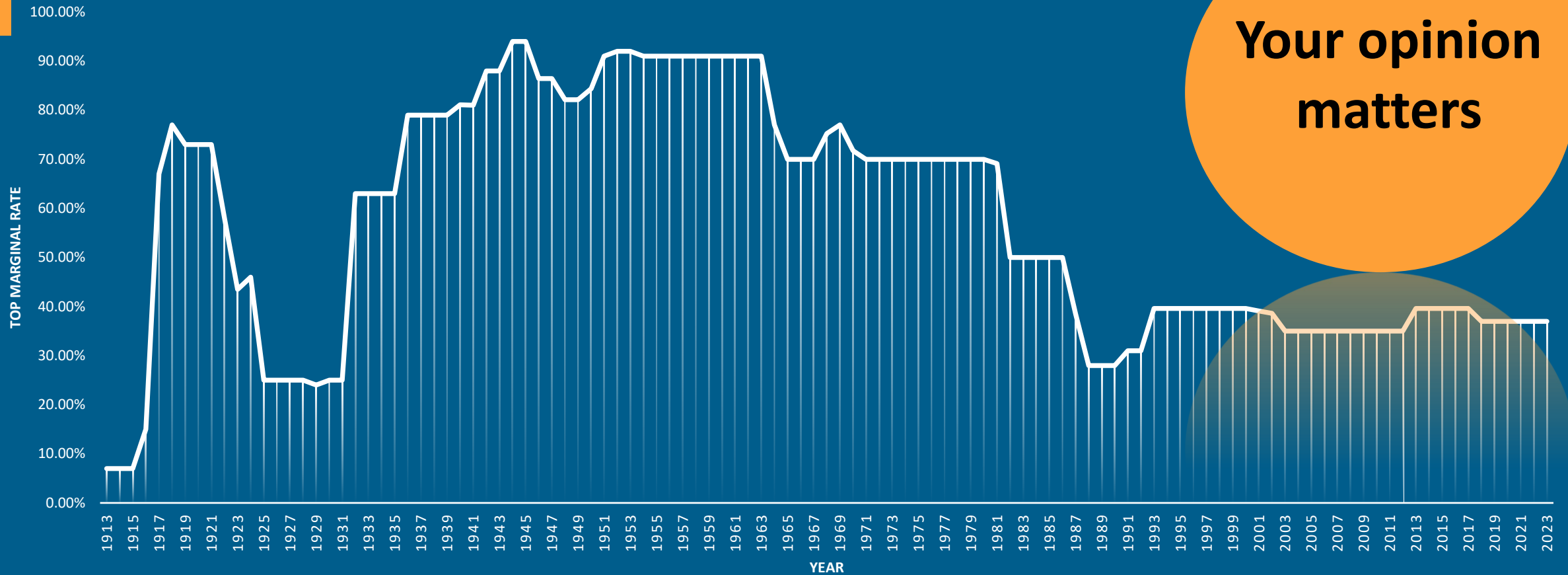
# RMD and Social Security Tab on Financial Model

RMD & SS

Total Income		\$107,000	0	0	0	0						
Additional Information												
Sue 70-100												
Bill 70-100												
<b>Retirement Income Projections</b>												
Sue	COLA	0%	Pension	\$18,836	Sue	Regular Savings	CD's	College Savings	Rate	Future Value		
	WD	0%	Social Security	\$32,000		Tax Deferred	Roth	401k & IRA	1%	147,412		
	0%	0%	Tax Deferred	\$0		IRA	603,504	1%	0			
	0%	0%	Roth	\$0		TSP	362,753	1%	0			
	4%	0%	401k & IRA	\$38,650		TOTAL	\$89,486	4%	0			
Bill	COLA	0%	Pension	\$0	Bill	Tax Deferred	Roth	IRA	4%	0		
	WD	0%	Social Security	\$32,000		IRA	314,061	4%	101,560			
	0%	0%	Tax Deferred	\$0		TOTAL	\$44,562	4%	285,878			
	0%	0%	Roth	\$0		0% W/D Rate from Cash Assets	\$0	4%	0			
	4%	0%	IRA	\$12,562		Total Income at year # 30 =	\$134,049	5%	0			
TOTAL				\$44,562	0.0% Target Retirement Income	\$62,866	Savings Type Assets Total		1,719,080			
0% W/D Rate from Cash Assets		\$0	0		0		Government Bonds		Corporate Bonds	BoA Trust	Rate	Future Value
Total Income at year # 30 =		\$134,049	0		0		38,783		5%		0	
0.0% Target Retirement Income		\$62,866	0		0		5%		0		5%	

# WHERE do you think taxes will be in your future?

## HISTORICAL HIGHEST MARGINAL INCOME TAX RATES



Your opinion matters

▶ The data referenced in this chart we created is from the Tax Policy Center: <https://taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates>

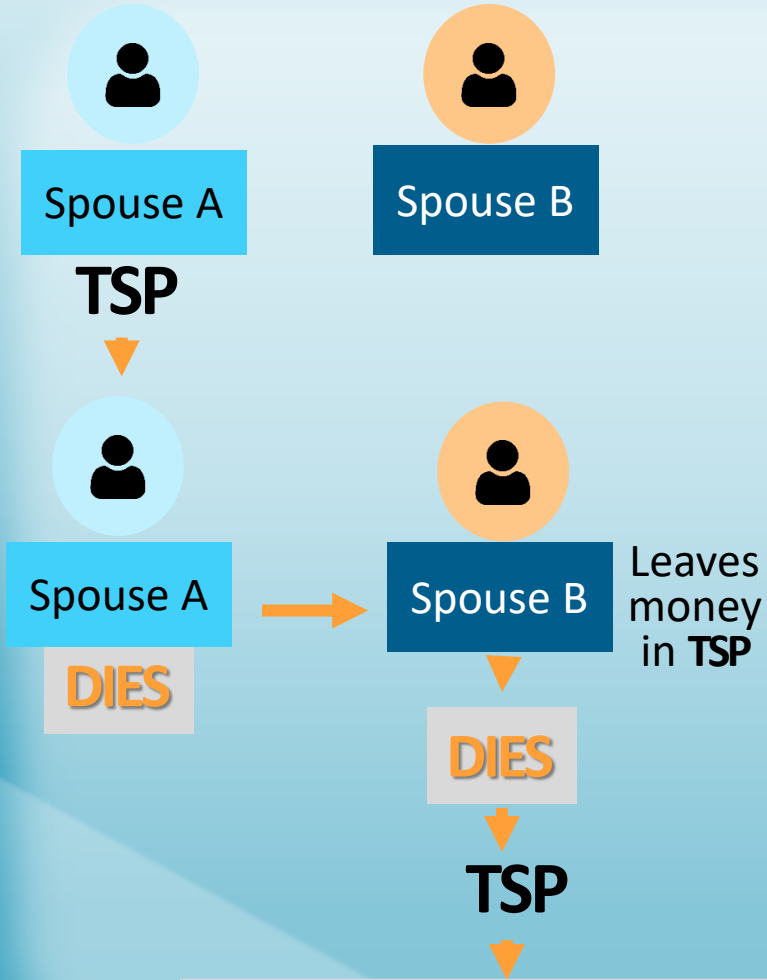
▶ This table contains a number of simplifications and ignores a number of factors, such as the amount of income or types of income subject to the top rates, or the value of standard and itemized deductions. **Sources:** IRS Revenue Procedures, various years. Also, Eugene Steuerle, The Urban Institute; Joseph Pechman, *Federal Tax Policy*; Joint Committee on Taxation, Summary of Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003, JCX-54-03, May 22, 2003.

# Stretch IRA is Back



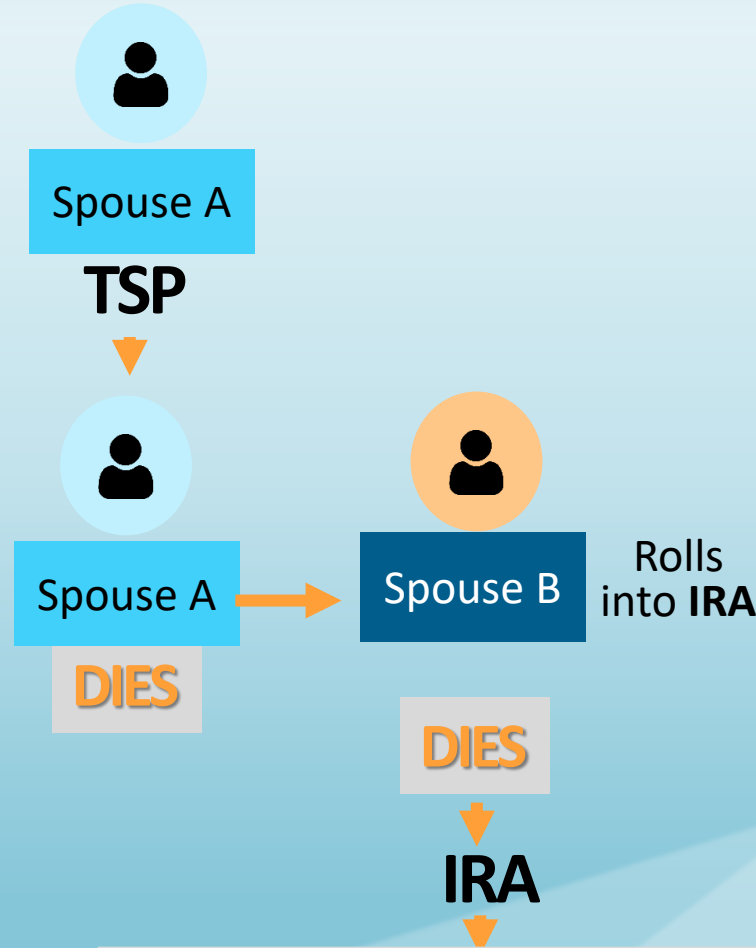
## Secure Act 2.0

### Scenario 1



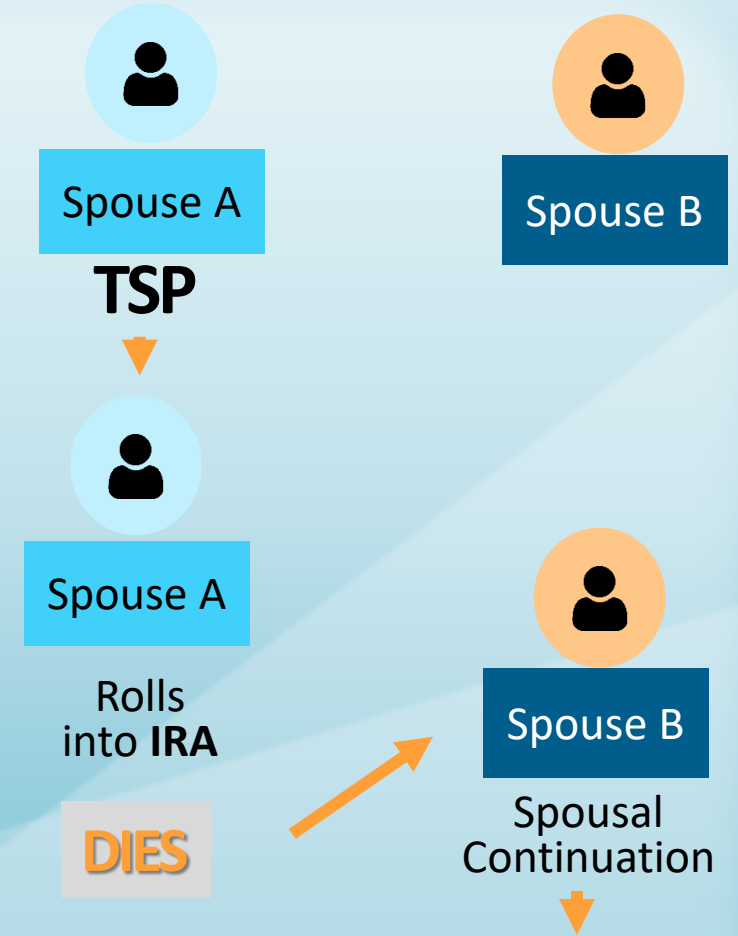
All Taxable at Once

### Scenario 2

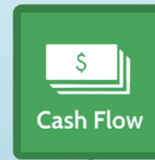


10 Yrs. Spend Down

### Scenario 3



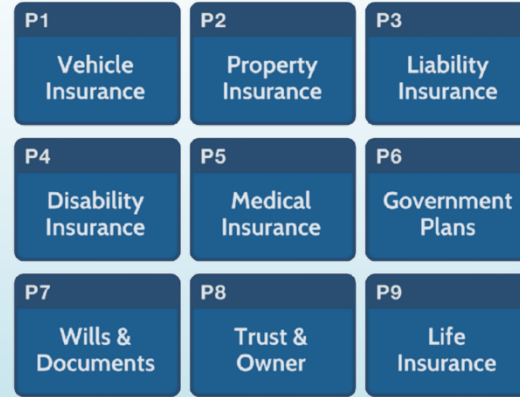
Stretch IRA



Protection

Savings

Growth





THE SOCIETY FOR FINANCIAL AWARENESS  
DC Metropolitan Chapter [www.dcofa.org](http://www.dcofa.org)

Thank you for your time today. Kindly fill out our feedback survey:  
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