



THE SOCIETY FOR FINANCIAL AWARENESS
DC Metropolitan Chapter www.dcsdfa.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

2 Options

- **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
Contributions	<i>Pre-tax</i>	<i>After-tax</i> ¹
Your Paycheck	<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.
Transfers In	<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
Transfers Out	<i>Transfers</i> allowed to eligible employer plans, traditional IRAs, and Roth IRAs ²	<i>Transfers</i> allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs ³
Withdrawals	<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 when withdrawn	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	

Secure Act 2.0: Catch-Up Changes:

Catch-
Up

Increased Catch-up Limits at Age 60, 61, 62, and 63

- Higher Catch-up is \$11,250 instead of \$7,500. That's a difference of \$4,250 for 4 years.
- Effective date: Calendar years beginning after December 31, 2024
- Applicable plans: 401(k), 403(b), and governmental 457(b) but cannot be used in addition to 457(b) special catch-up



Catch-Up Contributions: New Rules and Eligibility

01

Affects High TSP Earners

The new catch-up contribution rule **affects high earners in TSP** starting in January 2026 (per SECURE Act 2.0).

02

Age 50+ Earning >\$145K

Applies to those eligible for catch-up (age 50+ by Dec 31 next year) earning over \$145,000 in 2025.

03

Threshold Adjusts

\$145,000 threshold called '*Roth catch-up wage threshold*'; **adjusts annually** by CPI.

04

Implements Now

TSP implements rule in 2026; other 401(k)s not required until 2027.

05

Non-federal Can't Follow

Non-federal 401(k)s may not follow this rule yet; requires verification.



High Earner Rule Details and Employer-Specific Income



FICA Wages

2026 catch-up contribution **rule uses \$145,000 FICA wages** from 2025 W-2, box 3.



Individuals Only

Income threshold applies to individual, not combined spousal income.



Only Sponsoring Employer

Only wages from the employer sponsoring the 401(k)/TSP **are counted**; other employers' income excluded.



CSRS Employees Not Subject

CSRS employees (non-offset) **are not subject to this rule** due to lack of FICA income.



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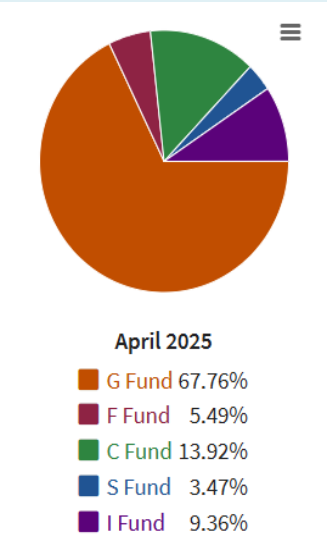
Stocks, bonds and G (savings). The Lifecycle Funds are composed of various combinations of the G, F, C, S and I funds.

The Traditional Funds

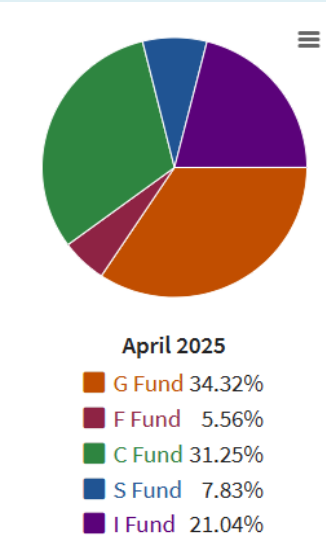
C Fund	S Fund	I Fund	F Fund	G Fund
US Stocks, Large Companies	US Stocks	International Stocks	US Bonds	Savings Type Account

L Funds Allocation Comparison

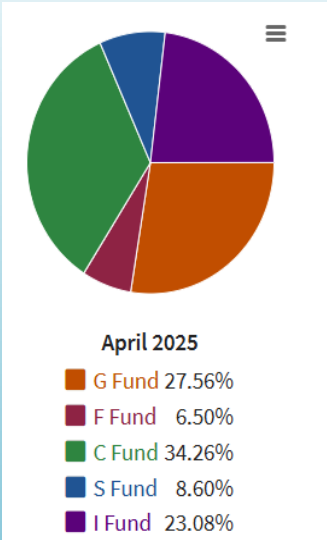
L Income



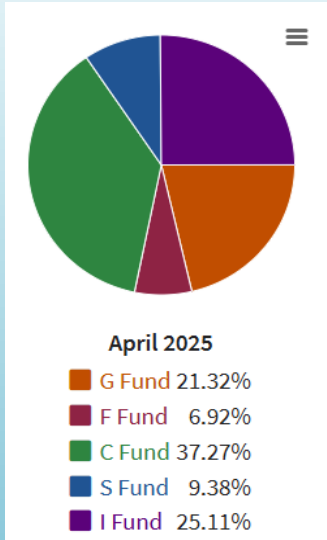
L 2030



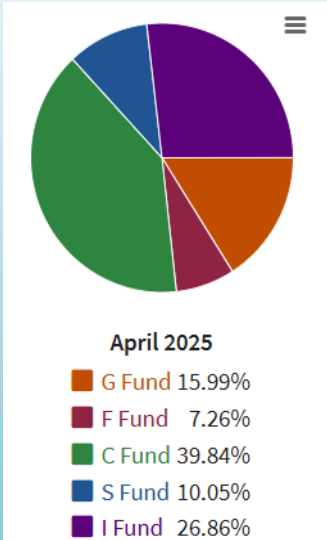
L 2035



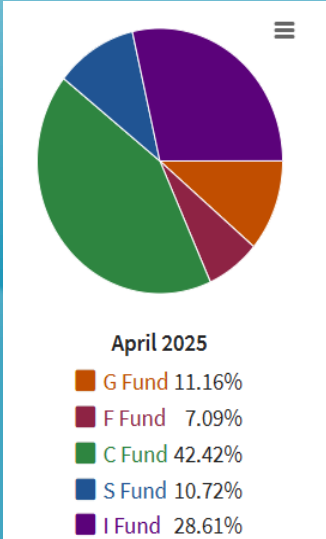
L 2040



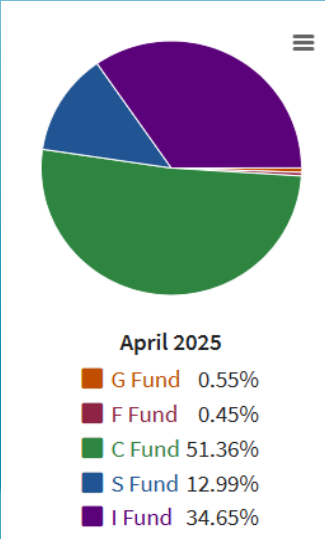
L 2045



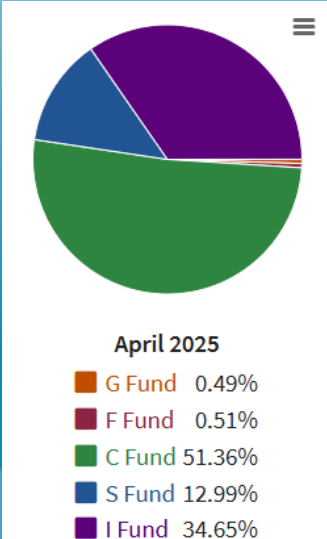
L 2050



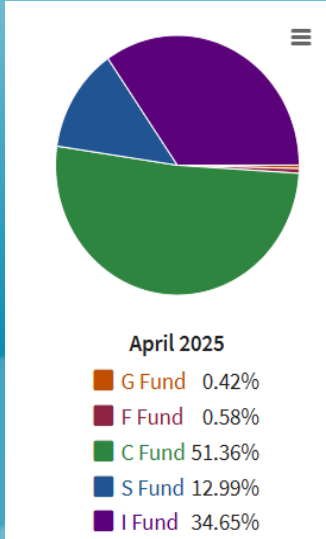
L 2055



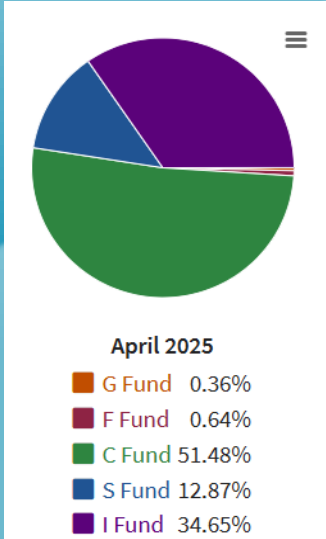
L 2060



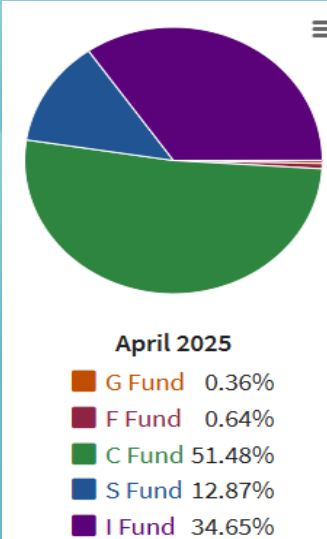
L 2065



L 2070



L 2075



Recent Investment Returns for the TSP Funds

Rates of return as of September 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	4.44%	2.90%	17.55%	16.41%	15.48%
3 year	4.34%	4.92%	24.88%	19.64%	22.32%
5 year	3.30%	-0.36%	16.43%	11.48%	11.49%
10 year	2.71%	1.95%	15.28%	11.38%	8.53%
Since inception	4.65%	5.31%	11.34%	9.51%	5.83%

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	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%

Source: Blackrock via AE Wealth Management

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

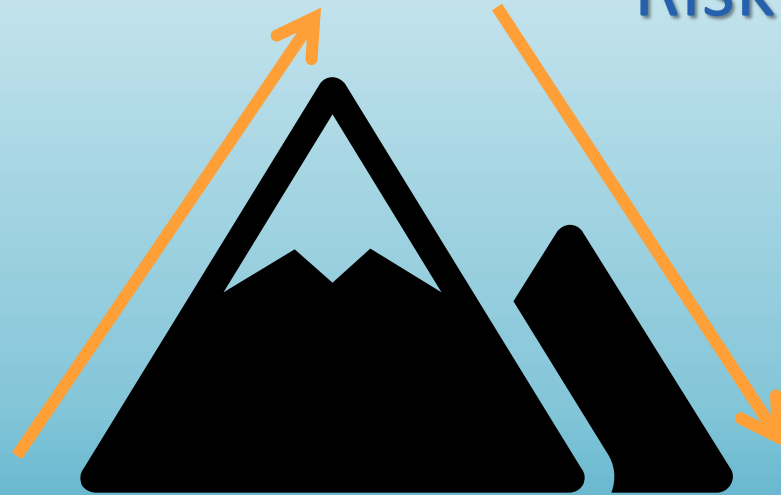
Choosing Your Investment Mix

Consider...

Risk and Return

Buy and Hold

Diversify



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%

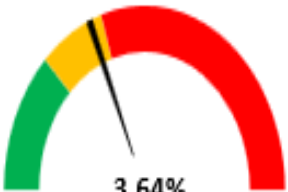
Step #1:

Understanding Your Target Retirement Income (TRI)

Gross Income – Spouse A	\$150,000
Gross Income - Spouse B	\$100,000
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	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

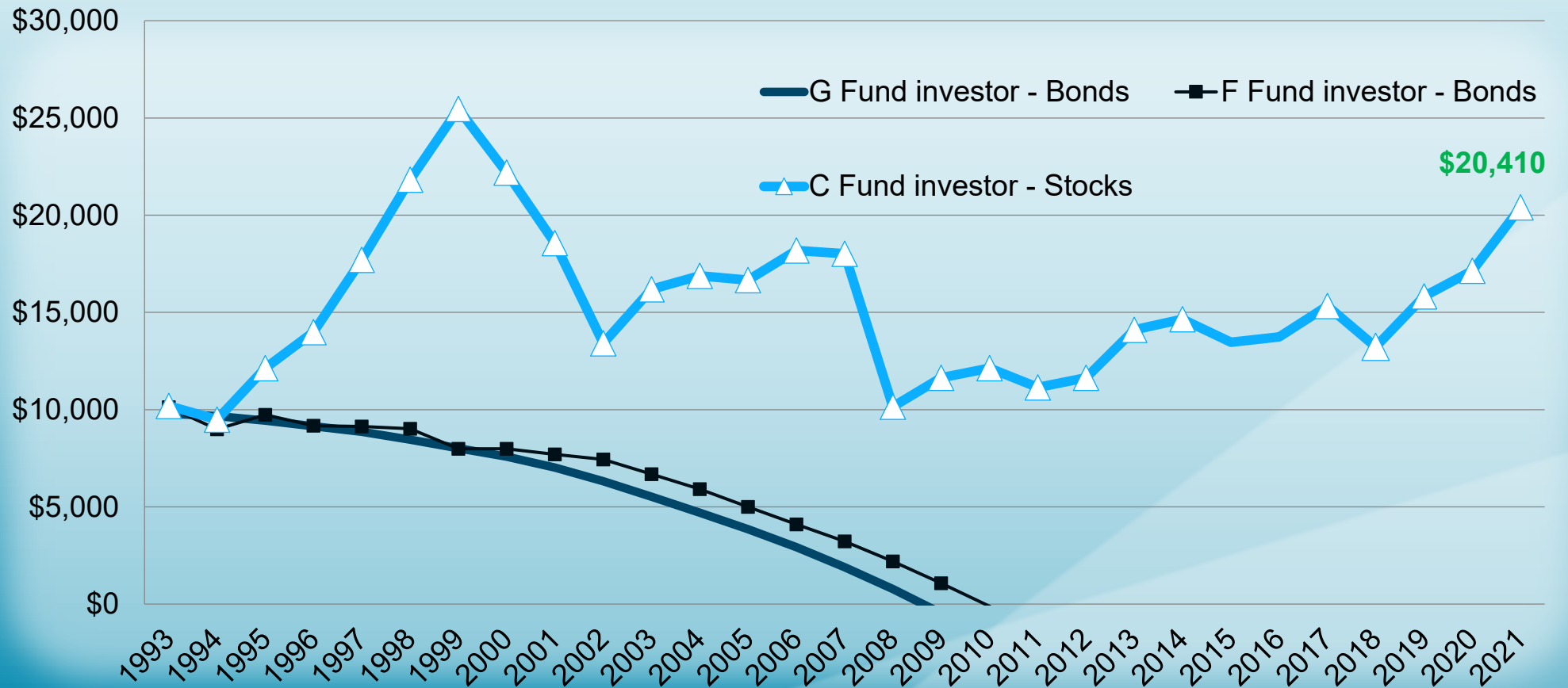
Lifecycle Fund	Stocks	Bonds
L-2050	84%	16%
L-2030	64%	36%
L-Income	25%	75%

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



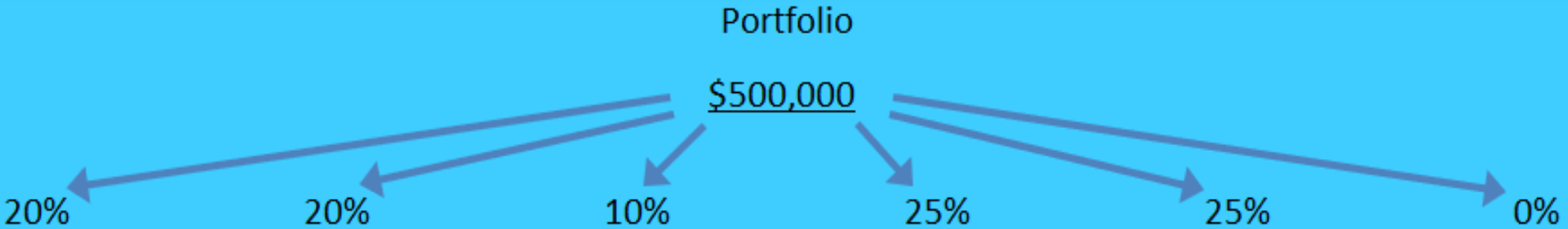
Courtesy of Leap Systems

\$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

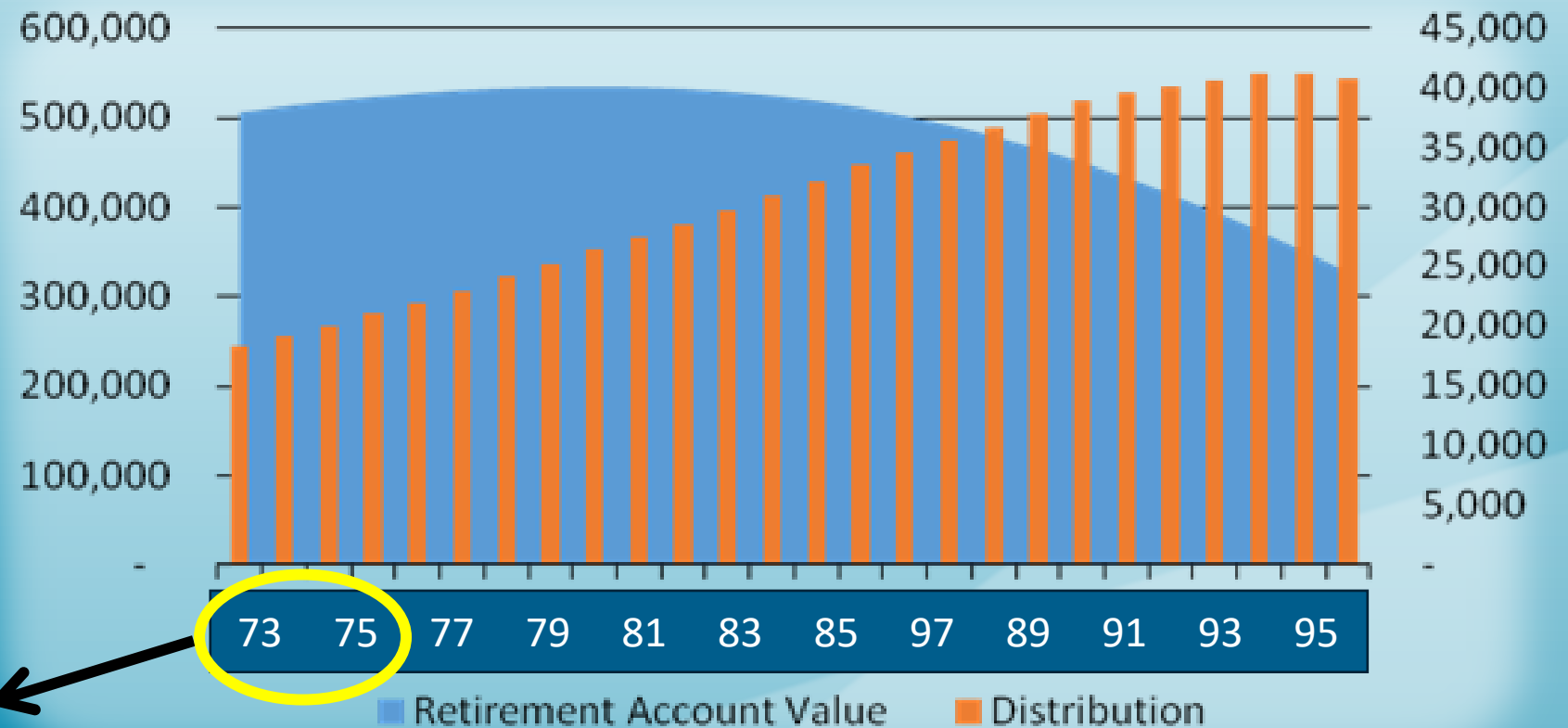
Which RMD to use?

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



The Treatment of...	Traditional TSP	Roth TSP
Contributions	<i>Pre-tax</i>	<i>After-tax</i> ¹
Your Paycheck	<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.
Transfers In	<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
Transfers Out	<i>Transfers</i> allowed to eligible employer plans, traditional IRAs, and Roth IRAs ²	<i>Transfers</i> allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs ³
Withdrawals	<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
Total Gross Income	\$107,000
Less	
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
Total Payments	\$44,134
Target Retirement Income	\$62,866

Present Position Financial Model

PRESENT

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

0	2,360	0
Employee	Match	Add.
Regular Savings		
Savings 100,000		
CD's		
College Savings		
Tax Deferred		
Roth		
401k & IRA		
IRA 550,000		
roth 66,000		
TSP 310,000		
Tax Deferred		
Roth		
IRA		
roth 22,000		
IRA 300,000		
Government Bonds		
Corporate Bonds		
BoA Trust		
25,000		

Rate	Future Value
1%	101,000
1%	0
1%	0
4%	0
4%	68,640
4%	926,640
4%	0
4%	22,880
4%	318,760
1,437,920	
Rate	Future Value
5%	0
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.
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. <input type="checkbox"/> You <input type="checkbox"/> 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					
<input type="checkbox"/> Single		<input type="checkbox"/> Head of household (HOH)			
<input type="checkbox"/> Married filing jointly (even if only one had income)					
<input type="checkbox"/> Married filing separately (MFS)		<input type="checkbox"/> 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: _____					
<input type="checkbox"/> 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.) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Standard Deduction		Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien			
Age/Blindness		You: <input type="checkbox"/> Were born before January 2, 1960 <input type="checkbox"/> Are blind Spouse: <input type="checkbox"/> Was born before January 2, 1960 <input type="checkbox"/> Is blind			
Dependents		(see instructions):			
If more than four dependents, see instructions and check here <input type="checkbox"/>		(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 <input type="checkbox"/> Credit for other dependents <input type="checkbox"/>
Income		1a Total amount from Form(s) W-2, box 1 (see instructions) 1a			
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.		b Household employee wages not reported on Form(s) W-2 1b			
If you did not get a Form W-2, see instructions.		c Tip income not reported on line 1a (see instructions) 1c			
		d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) 1d			
		e Taxable dependent care benefits from Form 2441, line 26 1e			
		f Employer-provided adoption benefits from Form 8839, line 29 1f			
		g Wages from Form 8919, line 6 1g			
		h Other earned income (see instructions) 1h			
		i Nontaxable combat pay election (see instructions) 1i			
		z Add lines 1a through 1h 1z			
Attach Sch. B if required.		2a Tax-exempt interest 2a	b Taxable interest 2b		
		3a Qualified dividends 3a	b Ordinary dividends 3b		
		4a IRA distributions 4a	b Taxable amount 4b		
		5a Pensions and annuities 5a	b Taxable amount 5b		
		6a Social security benefits 6a	b Taxable amount 6b		
		c If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>			
		7 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>			7
		8 Additional income from Schedule 1, line 10 8			
		9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income 9			
		10 Adjustments to income from Schedule 1, line 26 10			
		11 Subtract line 10 from line 9. This is your adjusted gross income 11			
		12 Standard deduction or itemized deductions (from Schedule A) 12			
		13 Qualified business income deduction from Form 8995 or Form 8995-A 13			
		14 Add lines 12 and 13 14			
see instructions.		15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income 15			

SUE RETIRE

Total Income		\$107,000		0		0		0		0	
Additional Information				Employee		Match		Add.			
Sue 62-70											
Bill 62-70											
Retirement Income Projections											
Sue	COLA	0%	Pension	\$18,836	Sue	Regular Savings	CD's	College Savings	Rate	Future Value	
	WD	0%	Social Security	\$0		Savings	101,000			1%	109,369
	0%	0%	Tax Deferred	\$0						1%	0
	0%	0%	Roth	\$0						1%	0
	3%	0%	401k & IRA	\$31,506							
			TOTAL	\$50,342							
Bill	COLA	0%	Pension	\$0	Bill	Tax Deferred	Roth	401k & IRA			
	WD	0%	Social Security	\$0				IRA	578,760	4%	0
	0%	0%	Tax Deferred	\$0						4%	93,939
	0%	0%	Roth	\$0			roth	68,640		4%	966,258
	4%	0%	IRA	\$12,750				TSP	347,880		
			TOTAL	\$12,750							
0% W/D Rate from Cash Assets								e Assets Total 1,514,938			
\$0											
Total Income at year # 8 = \$63,092											
0.0% Target Retirement Income \$62,866											
						Government Bonds		Corporate Bonds		BoA Trust	
										Rate Future Value	
										5% 0	
										5% 0	
										5% 28,782	

RMD & SS

Total Income		\$107,000	
Additional Information			
Sue 70-100			
Bill 70-100			
Retirement Income Projections			
Sue	COLA 0%	Pension	\$18,836
	WD 0%	Social Security	\$32,000
	0% 0%	Tax Deferred	\$0
	0% 0%	Roth	\$0
	4% 0%	401k & IRA	\$38,650
		TOTAL	\$89,486
Bill	COLA 0%	Pension	\$0
	WD 0%	Social Security	\$32,000
	0% 0%	Tax Deferred	\$0
	0% 0%	Roth	\$0
	4% 0%	IRA	\$12,562
		TOTAL	\$44,562
0% W/D Rate from Cash Assets		\$0	
		\$0	
Total Income at year # 30 = \$134,049			
0.0%	Target Retirement Income		\$62,866

0	0	0
Employee	Match	Add.

Regular Savings	CD's	College Savings
Savings 109,369		

Tax Deferred	Roth	401k & IRA
		IRA 603,504
	roth 93,939	
		TSP 362,753
Tax Deferred	Roth	IRA
	roth 31,313	
		IRA 314,061

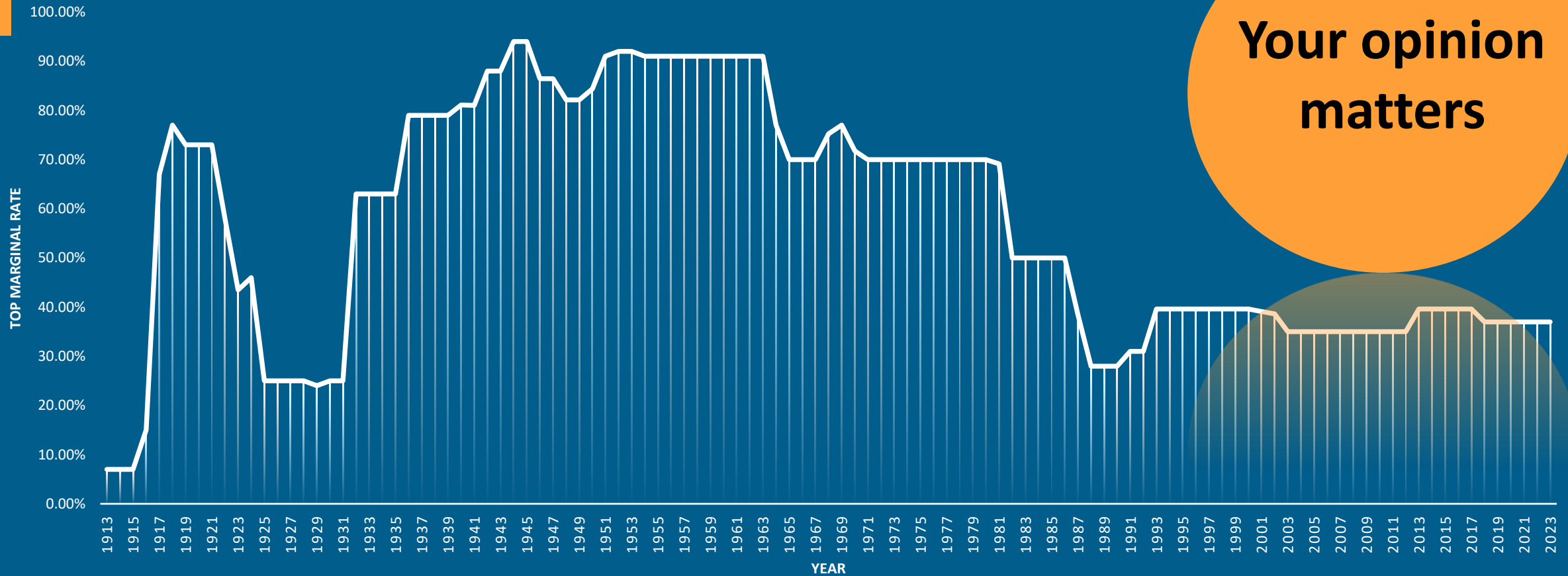
0	0	0
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Government Bonds	Corporate Bonds	BoA Trust
		38,783

Rate	Future Value
1%	147,412
1%	0
1%	0
4%	0
4%	304,680
4%	879,550
4%	0
4%	101,560
4%	285,878
Savings Type Assets Total 1,719,080	
Rate	Future Value
5%	0
5%	0
5%	167,614

WHERE do you think taxes will be in your future?

HISTORICAL HIGHEST MARGINAL INCOME TAX RATES



Your opinion matters

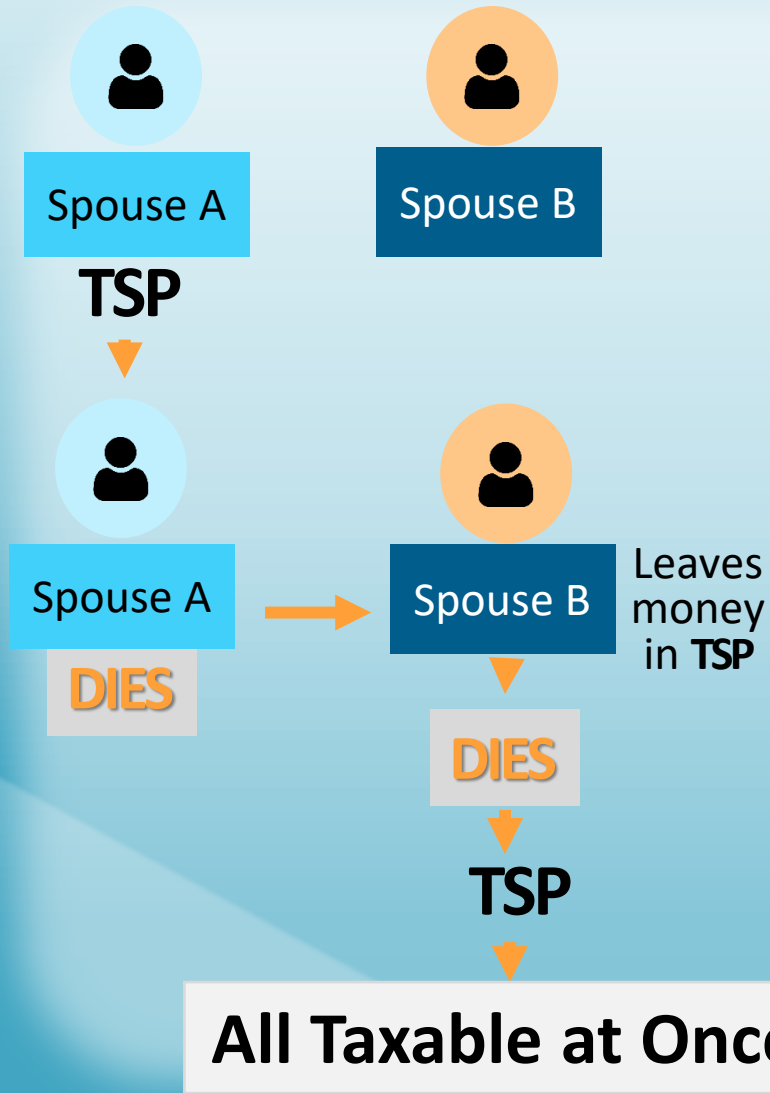
- ▶ The data referenced in this chart we created is from the Tax Policy Center: <https://taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates>
- ▶ This table contains a number of simplifications and ignores a number of factors, such as the amount of income or types of income subject 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

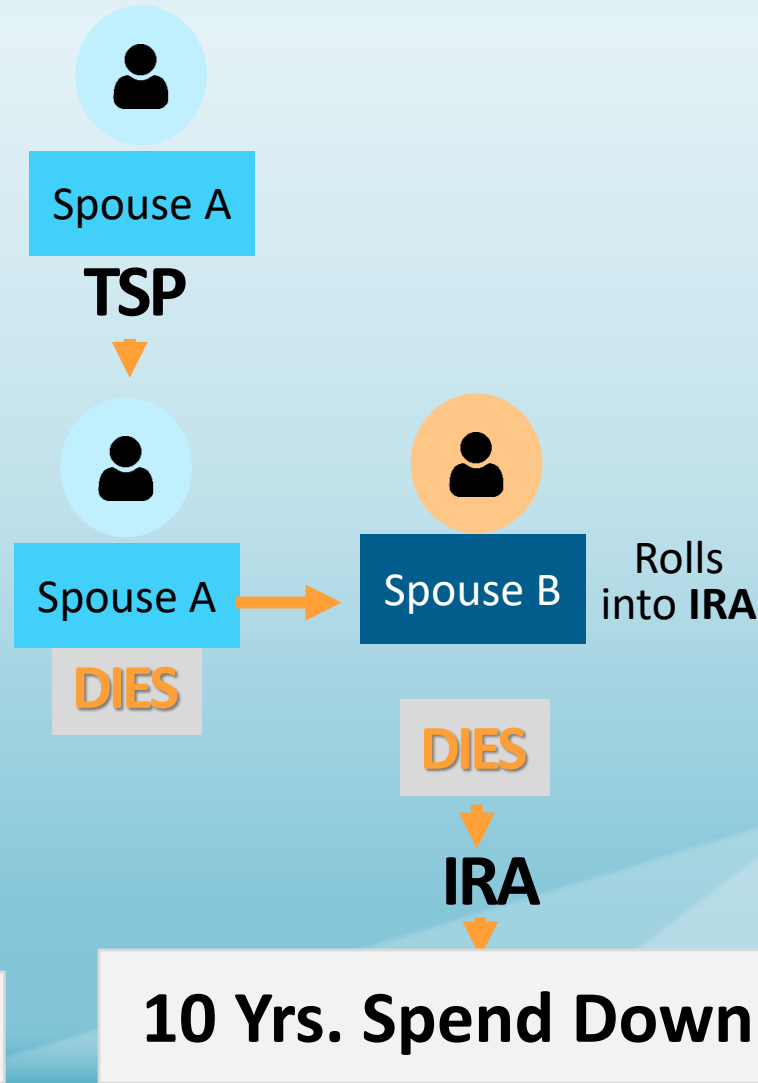


Secure Act 2.0

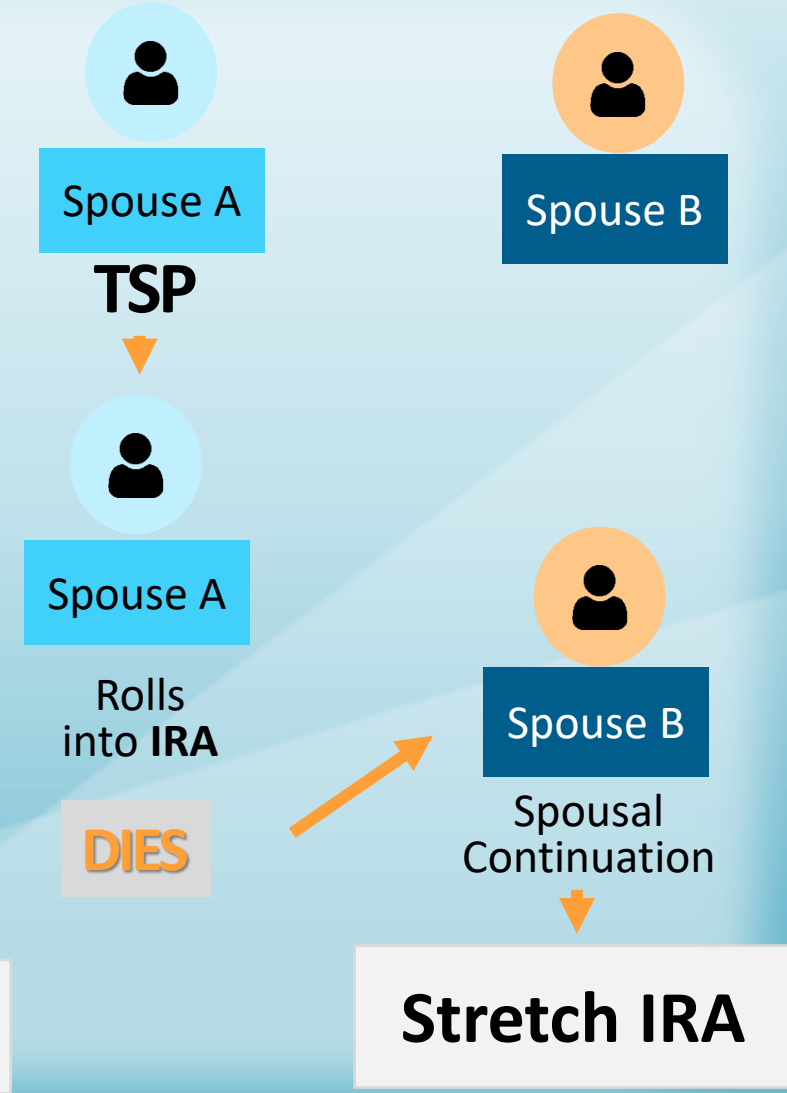
Scenario 1

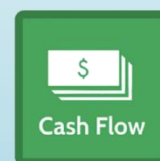


Scenario 2



Scenario 3

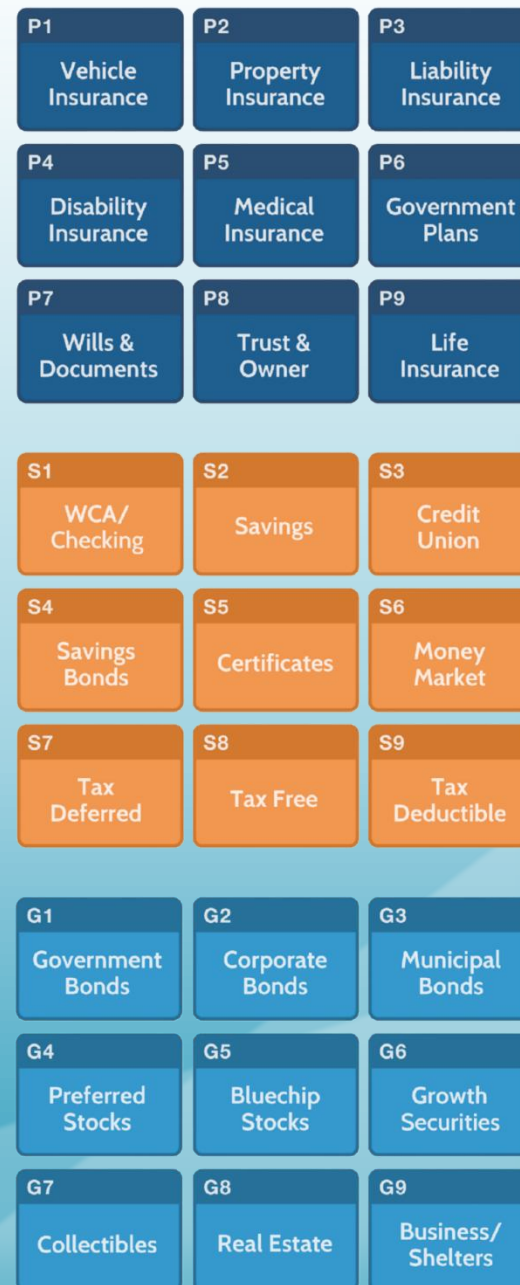




Protection

Savings

Growth





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