SOFA

THE SOCIETY FOR FINANCIAL AWARENESS

DC Metropolitan Chapter www.dcsofa.org

INVESTING IN THE TSP

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Withdrawals	***Taxable*** when withdrawn	***Tax-free*** earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently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

Source: tsp.gov

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

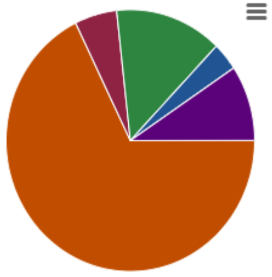
Stocks, bonds and G (savings). The Lifecycle Funds are composed of various combinations of the G, F, C, S and I funds.

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

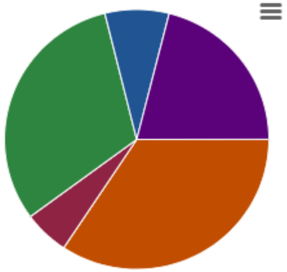
L Income



April 2025

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

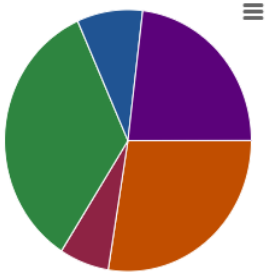
L 2030



April 2025

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

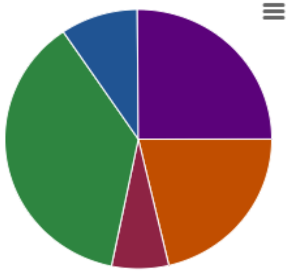
L 2035



April 2025

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

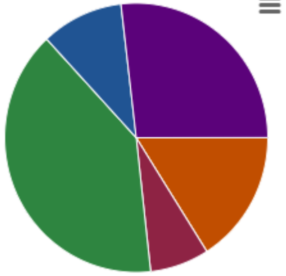
L 2040



April 2025

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

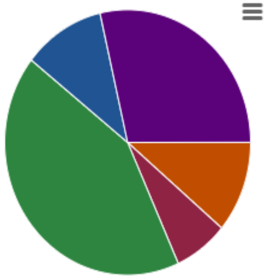
L 2045



April 2025

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

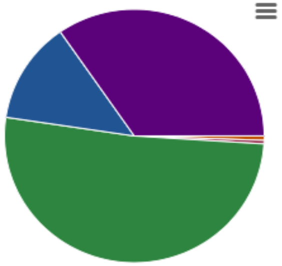
L 2050



April 2025

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

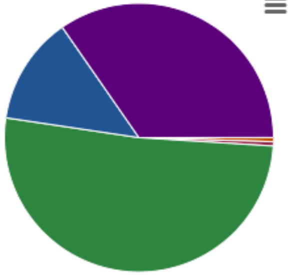
L 2055



April 2025

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

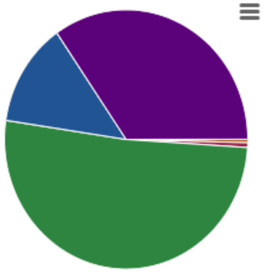
L 2060



April 2025

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

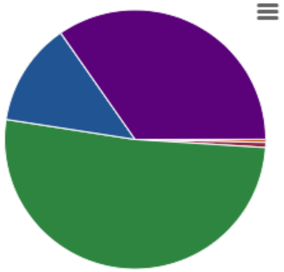
L 2065



April 2025

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

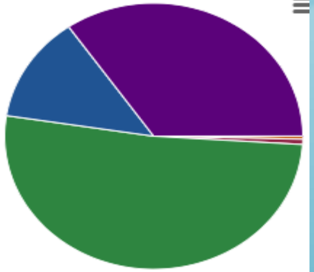
L 2070



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 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 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

TSP Fund - 2

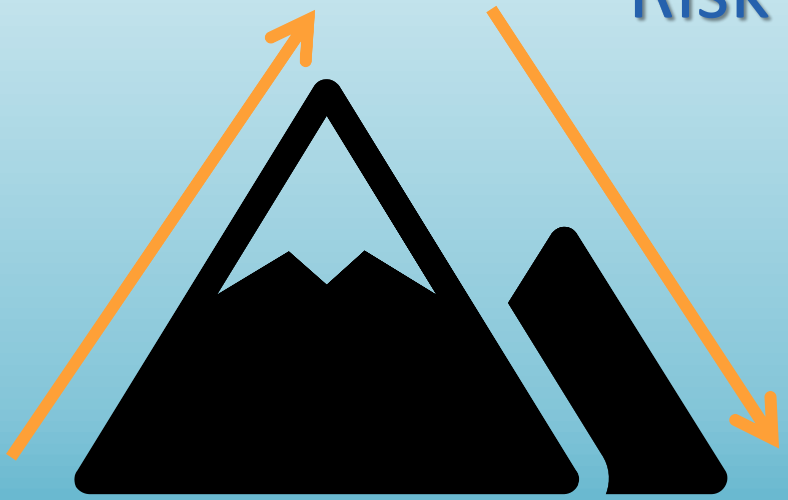
Year	G Fund	F Fund	C Fund	S Fund	I Fund
2022	2.98%	-12.83%	-18.13%	-26.26%	-13.94%
2018	2.91%	0.15%	-4.41%	-9.26%	-13.43%
2008	3.75%	5.45%	-36.99%	-38.32%	-42.43%
2002	5.00%	10.27%	-22.05%	-18.14%	-15.98%
2001	5.39%	8.61%	-11.94%		
2000	6.42%	11.67%	-9.14%		

ASSET ALLOCATION

Choosing Your Investment Mix

Consider…

Risk and Return



F, C, S, I

G

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**

Conventional

Additional Information	
Taxable Income	
Risk Score	

Retirement Income Pro Calculate

Spouse A 67 to 71				
	WD	0.0%	Pension	$35,000
	COLA	0.0%	Social Security	$37,500
	0.0%	0.0%	Tax Deferred	$0
	0.0%	0.0%	Tax Free	$0
	3.4%	0.0%	Tax Deductible	$41,097
			TOTAL	$113,597

Spouse B 68 to 72				
	COLA	0.0%	Pension	$0
	WD	0.0%	Social Security	$32,000
		0.0%	Tax Deferred	$0
		0.0%	Tax Free	$0
	3.5%	0.0%	Tax Deductible	$33,094
			TOTAL	$65,094

W/D Rate from Cash Assets	$0
Total Income at year # 4 =	$178,691
0.0% Target Retirement Income	$178,460

Debt Window

Type of Loan	$/Month P&I	$ Unpaid Balance	% Rate	Months to Pay

Additional Information

Employee	Match	Add.
0	0	0

Regular Savings	CD's	College Savings	Rate	Future Value
			1%	0
			1%	0
			4%	0

Spouse A				
Tax Deferred	Tax Free	Tax Deductible		
		TSP 1,208,733	4%	0
			4%	0
			4%	1,232,549

Spouse B				
Tax Deferred	Tax Free	Tax Deductible		
		401(k) 945,547	4%	0
			4%	0
			4%	960,001

Savings Type Assets Total 2,192,551

Government Bonds	Corporate Bonds	Municipal Bonds	Rate	Future Value
			5%	0
			5%	0
			5%	0

Preferred Stocks	Blue Chip Stocks	Growth Securities		
			5%	0
			5%	0
			4%	0

Real Estate	Primary	Trust

Employee	Match	Add.
0	0	0

Growth Type Assets Total 0

Total Cash Assets 2,192,551

Asset Allocation

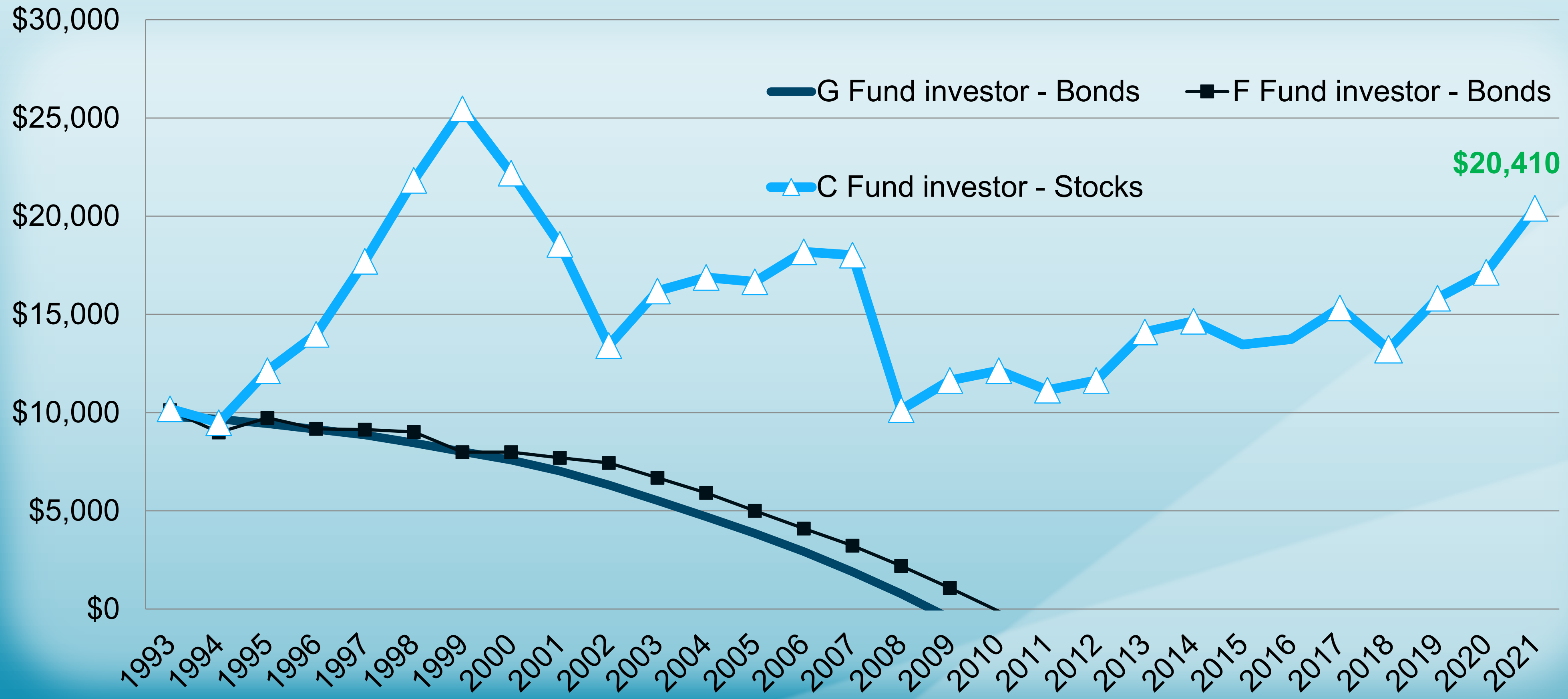
Lifecycle Fund	Stocks	Bonds
L-2050	84%	16%
L-2030	64%	36%
L-Income	25%	75%

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%

Portfolio

$500,000

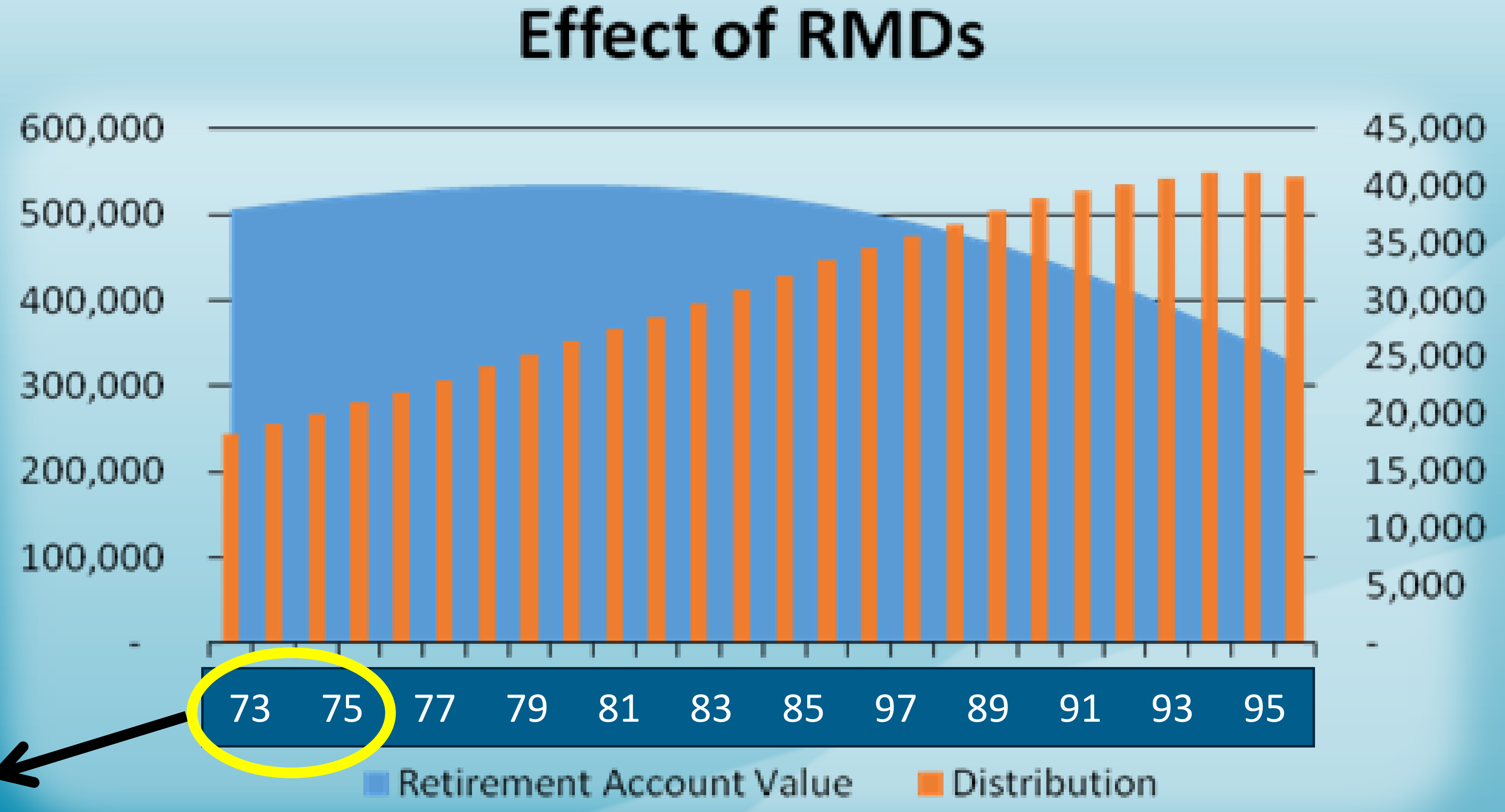
20%	20%	10%	25%	25%	0%
C	S	I	F	G	
$100,000	$100,000	$50,000	$125,000	$125,000	$0
4%	4%	4%	4%	4%	0%
$4,000	$4,000	$2,000	$5,000	$5,000	$0

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



AGE 73…75

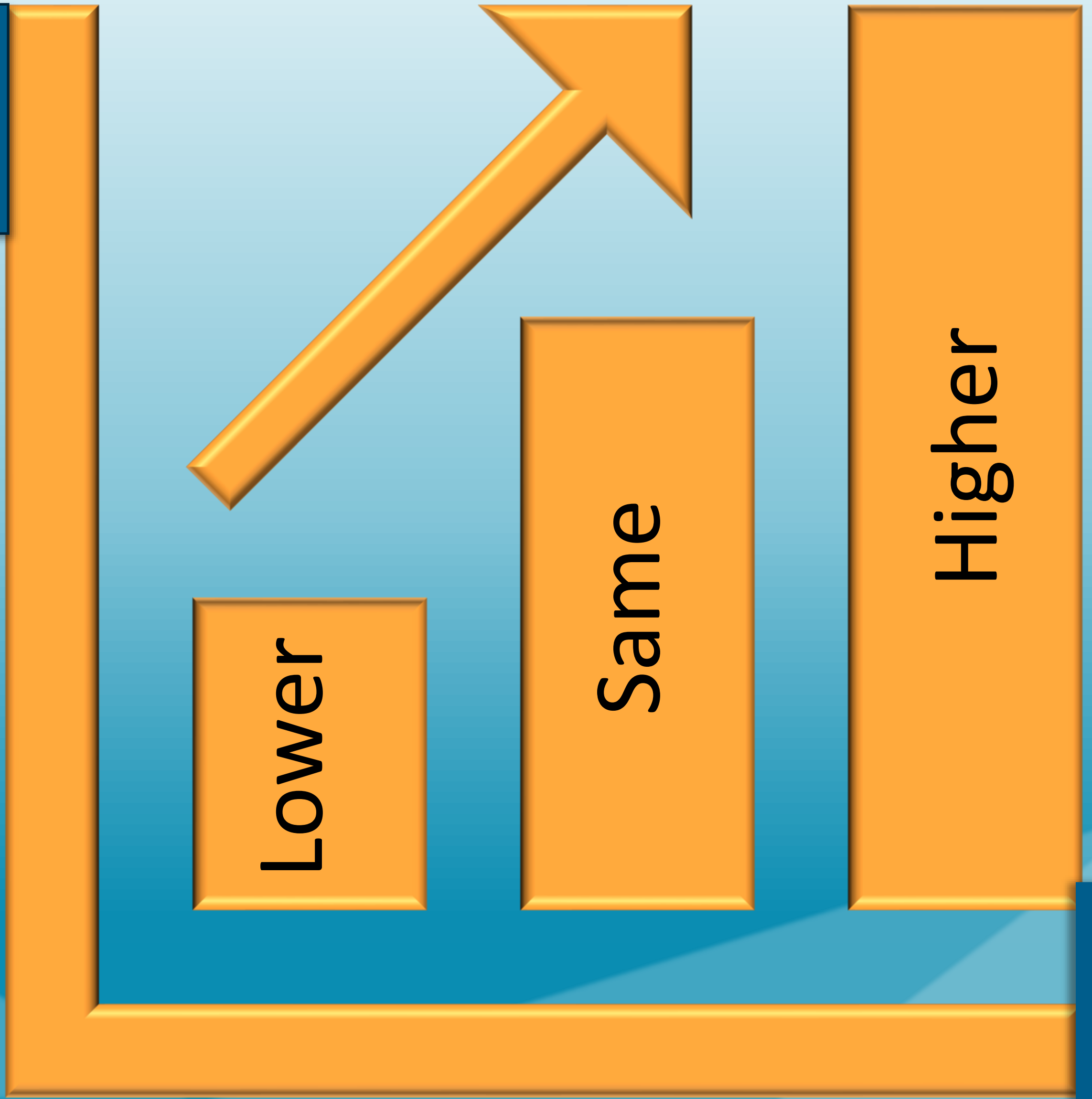
NOTE:
The age for withdrawing from retirement accounts was increased in 2020 to 72 from 70.5. (Note that the SECURE 2.0 Act will raise the age for RMDs to 73 for those who turn 72 in 2023.) Therefore, your first RMD must be taken by April 1 of the year after which you turn 72 (73 in 2023). After that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

Traditional & ROTH TSP

The Treatment of…	Traditional TSP	Roth TSP
Contributions	***Pre-tax***	***After-tax***[1]
Your Paycheck	***Taxes are deferred****, so less money is taken out of your paycheck.	***Taxes are paid up front****, so more money comes out of your paycheck.
Transfers In	***Transfers*** allowed from eligible employer plans and traditional IRAs	***Transfers*** allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
Transfers Out	***Transfers*** allowed to eligible employer plans, traditional IRAs, and Roth IRAs[2]	***Transfers*** allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs[3]
Withdrawals	***Taxable*** when withdrawn	***Tax-free*** 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	B Roth/Roth TSP
Years ---> 1 -- 20	Years ---> 1 -- 20
$18,000 @ 5% ROR → 401(k)	$18,000 x 25% Fed + 6% State = $12,420 @ 5% ROR → Roth
Accumulated: $624,947 X 4% W/D $24,997 (taxes, *Fed 25% + State6%*) **-$7,749** **$17,248.00**	**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				$0
Total Income at year # 1 =				$0
0.0%	Target Retirement Income			$62,866

Employee	Match	Add.
0	2,360	0

0

	Regular Savings	CD's	College Savings	Rate	Future Value
	Savings 100,000			1%	101,000
				1%	0
				1%	0
Sue	**Tax Deferred**	**Roth**	**401k & IRA**		
6,500			IRA 550,000	4%	0
		roth 66,000		4%	68,640
24,500			TSP 310,000	4%	926,640
Bill	**Tax Deferred**	**Roth**	**IRA**		
				4%	0
		roth 22,000		4%	22,880
6,500			IRA 300,000	4%	318,760

Employee	Match	Add.
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?

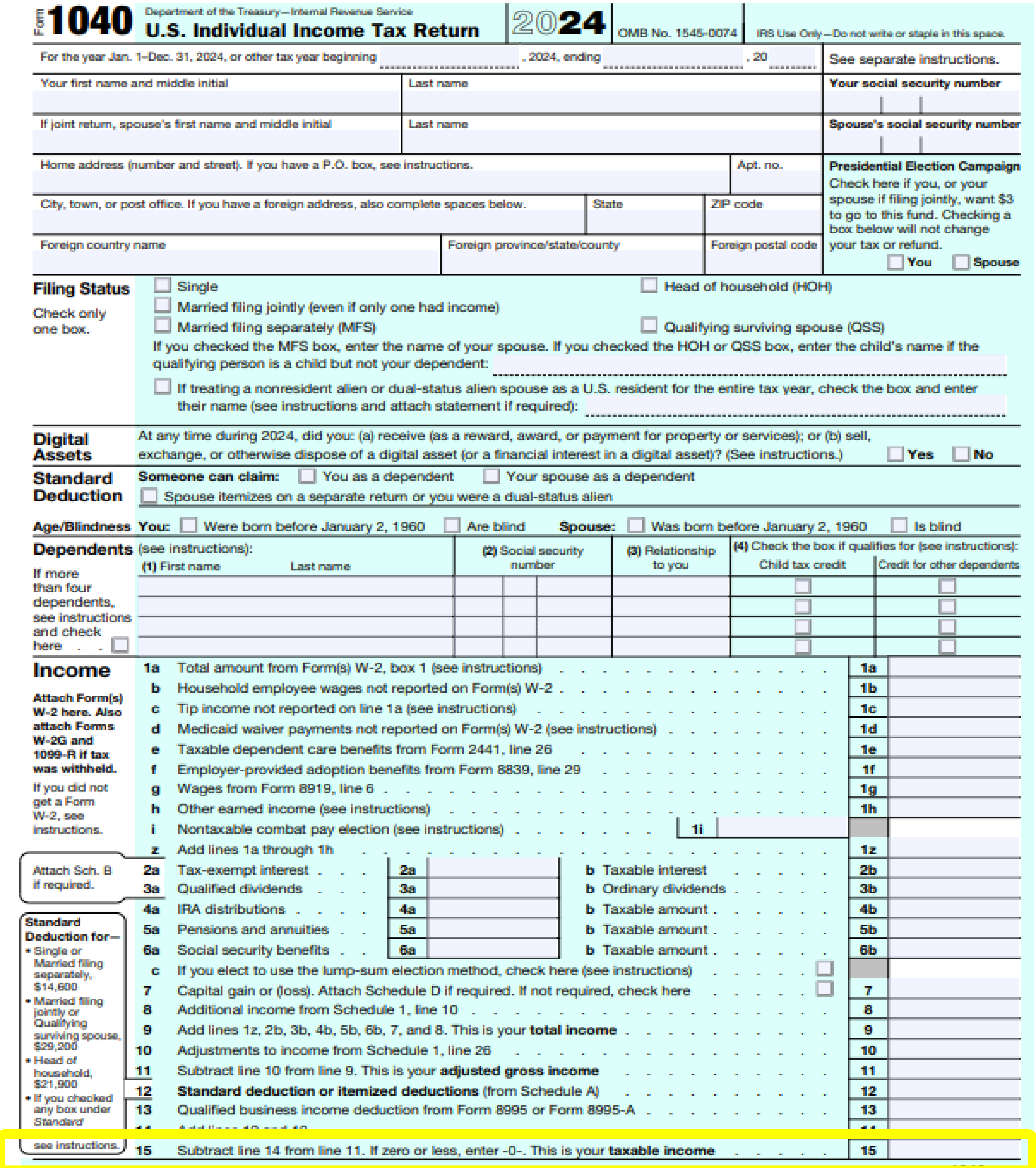
How many of you think you will be in a lower tax bracket when you retire?

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

IRS Form 1040

Taxable Income



Form 1040 Department of the Treasury—Internal Revenue Service
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.

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

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

Filing Status Check only one box.
☐ Single ☐ Head of household (HOH)
☐ Married filing jointly (even if only one had income)
☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QSS)
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): If more than four dependents, see instructions and check here ☐

(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
				☐	☐
				☐	☐
				☐	☐
				☐	☐

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.
If you did not get a Form W-2, see instructions.

1a Total amount from Form(s) W-2, box 1 (see instructions) 1a
b Household employee wages not reported on Form(s) W-2 1b
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) ☐
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ 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
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income** 15

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 Deduction, see instructions.

Retirement Tab on Financial Model

SUE RETIRE

Total Income	$107,000

Additional Information

Sue 62-70

Bill 62-70

Retirement Income Projections

Sue	COLA	0%	Pension	$18,836
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	3%	0%	401k & IRA	$31,506
			TOTAL	$50,342
Bill	COLA	0%	Pension	$0
	WD	0%	Social Security	$0
	0%	0%	Tax Deferred	$0
	0%	0%	Roth	$0
	4%	0%	IRA	$12,750
			TOTAL	$12,750

0% W/D Rate from Cash Asse

$0

Total Income at year # 8 =	$63,092
0.0% Target Retirement Income	$62,866

Employee	Match	Add.
0	0	0

0

	Regular Savings	CD's	College Savings	Rate	Future Value
	Savings 101,000			1%	109,369
				1%	0
				1%	0

	Tax Deferred	Roth	401k & IRA	Rate	Future Value
Sue			IRA 578,760	4%	0
		roth 68,640		4%	93,939
			TSP 347,880	4%	966,258

	Tax Deferred	Roth	IRA	Rate	Future Value
Bill				4%	0
		roth 22,880		4%	31,313
			IRA 318,760	4%	314,061

e Assets Total 1,514,938

Government Bonds	Corporate Bonds	BoA Trust	Rate	Future Value
			5%	0
		26,250	5%	0
			5%	38,793

RMD and Social Security Tab on Financial Model

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

Employee	Match	Add.
0	0	0
0	0	0

	Regular Savings	CD's	College Savings	Rate	Future Value
	Savings 109,369			1%	147,412
				1%	0
				1%	0

	Tax Deferred	Roth	401k & IRA	Rate	Future Value
Sue			IRA 603,504	4%	0
		roth 93,939		4%	304,680
			TSP 362,753	4%	879,550

	Tax Deferred	Roth	IRA	Rate	Future Value
Bill				4%	0
		roth 31,313		4%	101,560
			IRA 314,061	4%	285,878

	0
Savings Type Assets Total	1,719,080

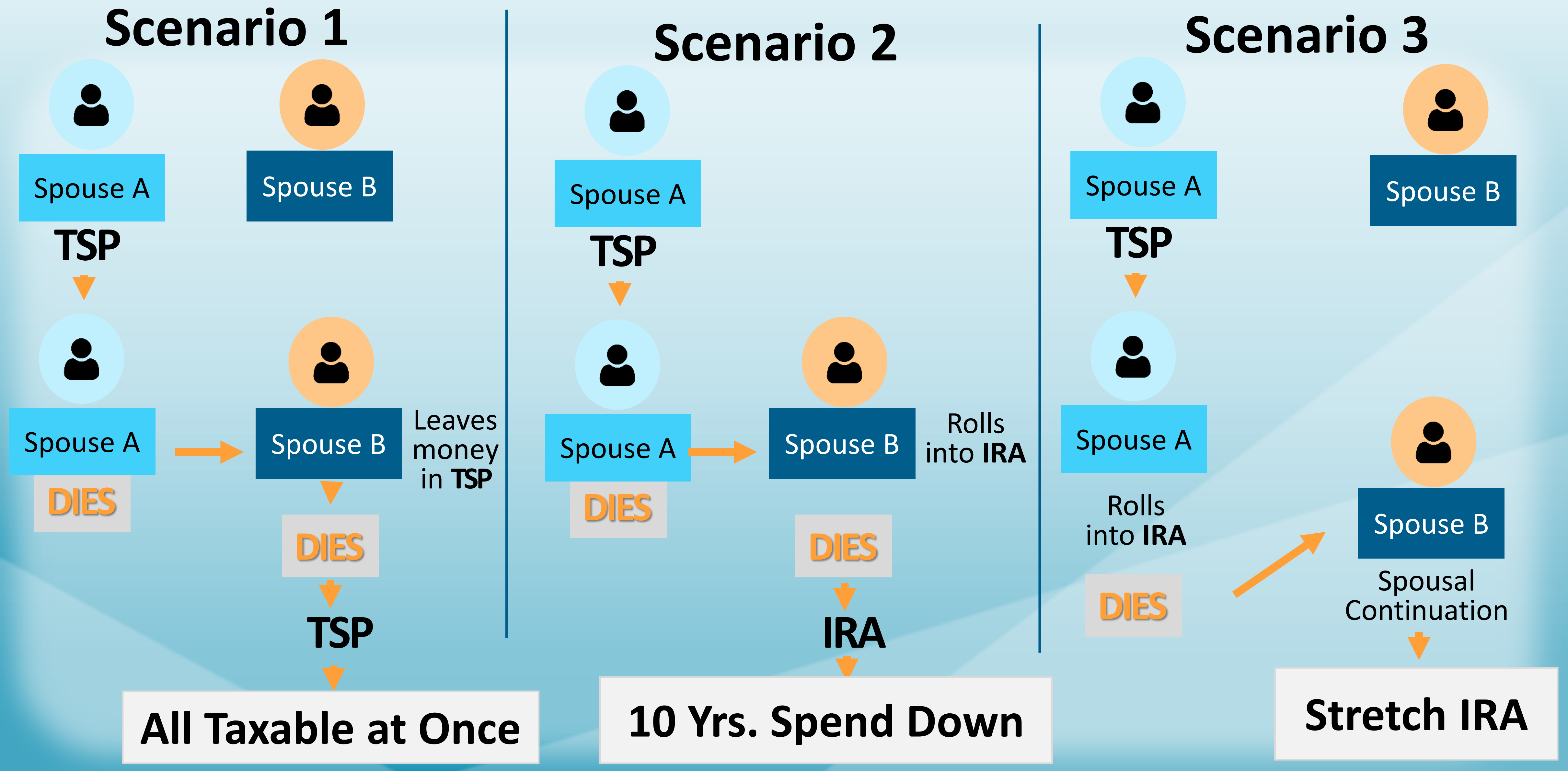
Government Bonds	Corporate Bonds	BoA Trust	Rate	Future Value
			5%	0
		38,783	5%	0

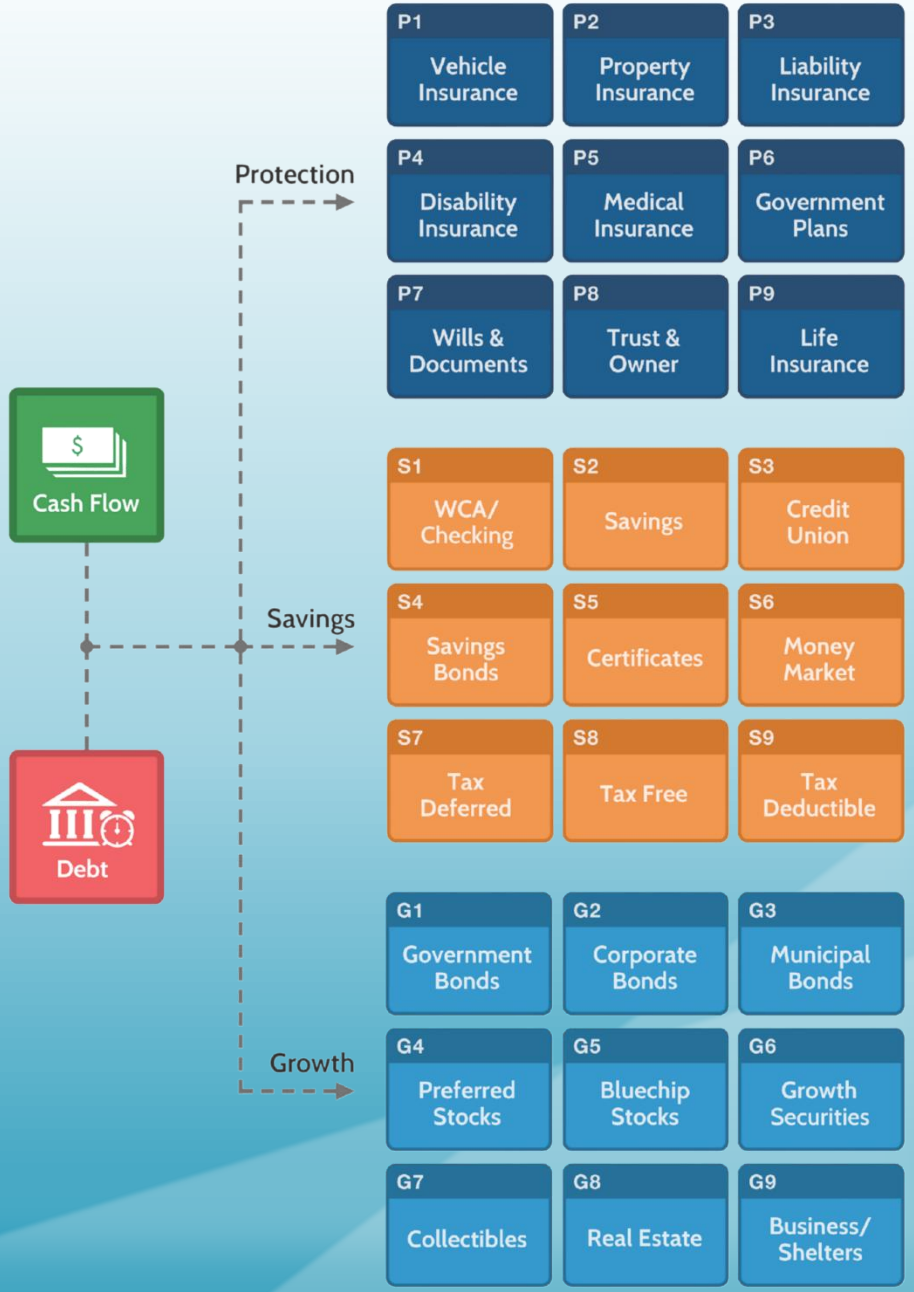
WHERE do you think taxes will be in your future?

- 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




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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