



THE SOCIETY FOR FINANCIAL AWARENESS  
DC Metropolitan Chapter [www.dcsdfa.org](http://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
<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 when withdrawn	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 2026

	Roth TSP	Roth IRA	
Required Minimum Distributions	No	No	Phase Out!!!!
Income Limitation for Contributions	No	Yes	<b>Single/Head of Household AGI: \$153,000-\$168,000</b> <b>Married Filing Joint AGI: \$242,000 - \$252,000</b>
<b>Annual Maximum Contributions</b>	<b>\$24,500</b>	<b>\$8,000</b>	
Catch Up Provision 50+	\$8,000	\$1,000	
Total Potential Annual Contribution	\$32,500	\$9,000	

# Secure Act 2.0: Catch-Up Changes:

Catch-  
Up

## Increased Catch-up Limits at Age in the Years You Turn 60, 61, 62, and 63\*

- Higher Catch-up is \$11,250 instead of \$8,000. That's a difference of \$3,250.
- Effective date: Calendar years beginning after December 31, 2024
- Applicable plans: TSP, 401(k), 403(b)





# Catch-Up Contributions: New Rules and Eligibility

01

## Affects High TSP Earners

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

02

## Age 50+ Earning >\$150K

**Applies to those eligible** for catch-up (age 50+ by Dec 31 next year) earning over \$150,000 in 2026.

03

## Threshold Adjusts

**\$150,000 threshold** called '*Roth catch-up wage threshold*'; **adjusts annually** by CPI.

04

## Implement Now

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



# High Earner Rule Details and Employer-Specific Income



## FICA Wages

2026 catch-up contribution **rule uses \$150,000 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**.



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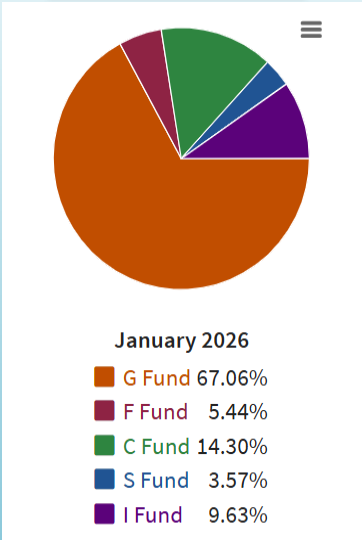
Stocks, bonds and G (savings). The Lifecycle Funds are composed of various combinations of the G, F, C, S and I funds.

## The Traditional Funds

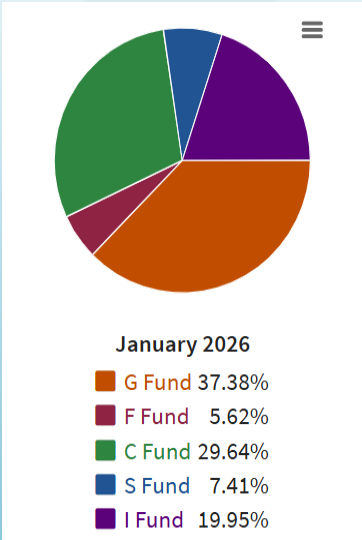
C Fund	S Fund	I Fund	F Fund	G Fund
US Stocks, Large Companies	US Stocks	International Stocks	US Bonds	Savings Type Account

# L Funds Allocation Comparison

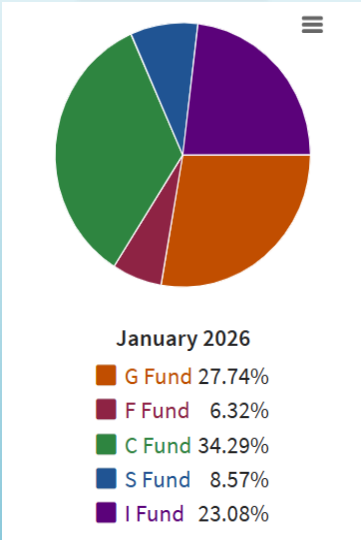
L Income



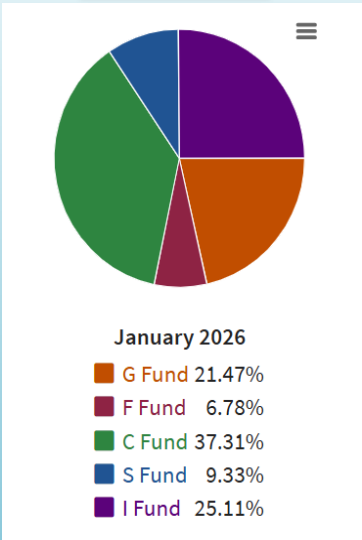
L 2030



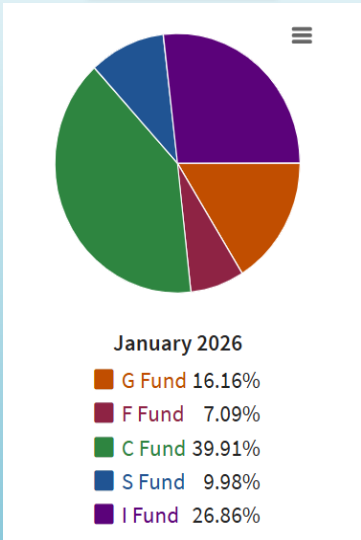
L 2035



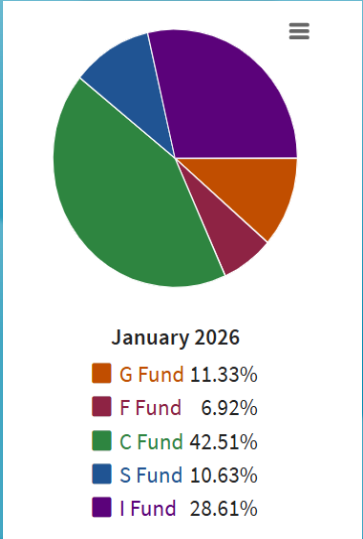
L 2040



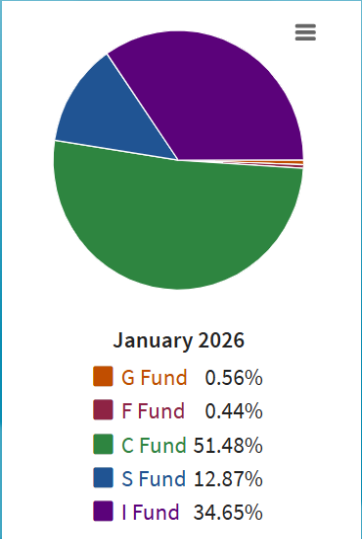
L 2045



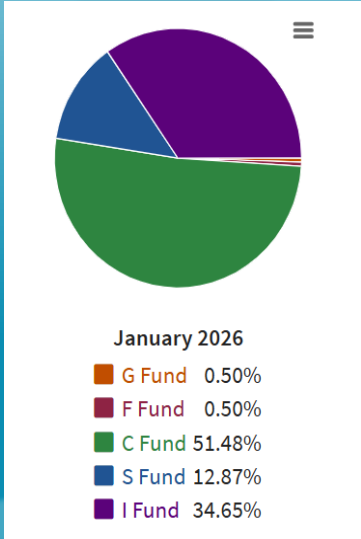
L 2050



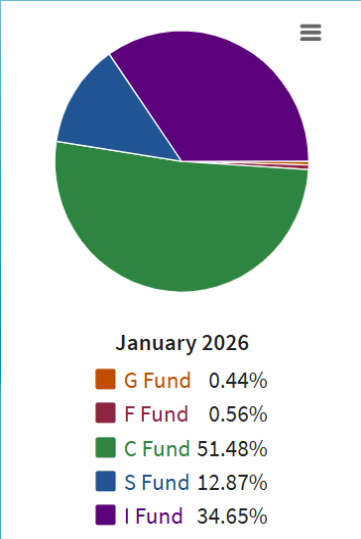
L 2055



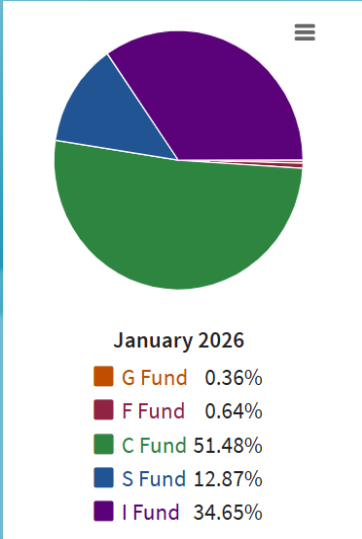
L 2060



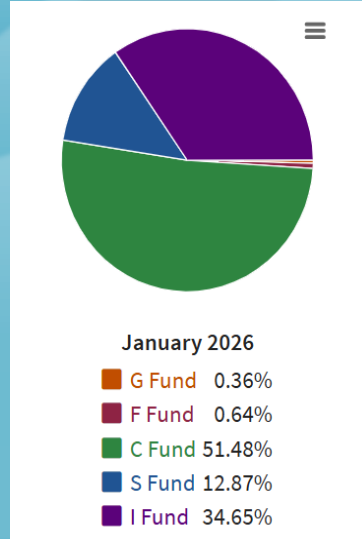
L 2065



L 2070



L 2075



# Recent Investment Returns for the TSP Funds

Rates of return as of November 30, 2025

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



# 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

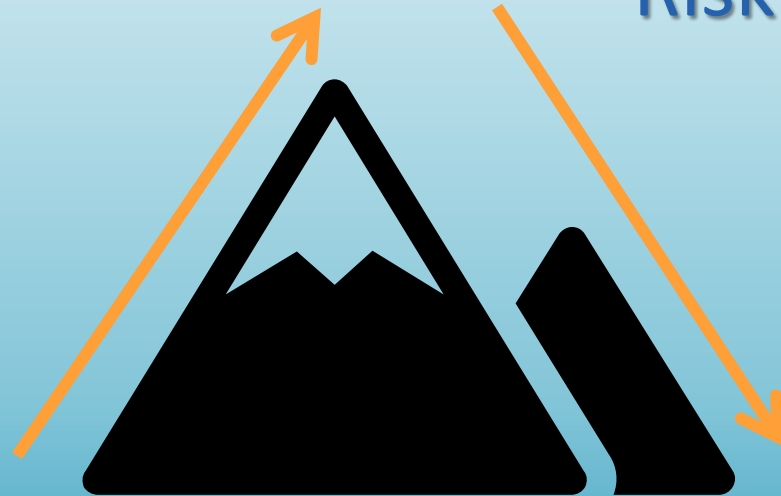
## Choosing Your Investment Mix

*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%

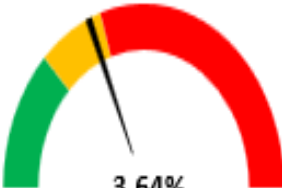
# Step #1:

## Understanding Your Target Retirement Income (TRI)

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

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

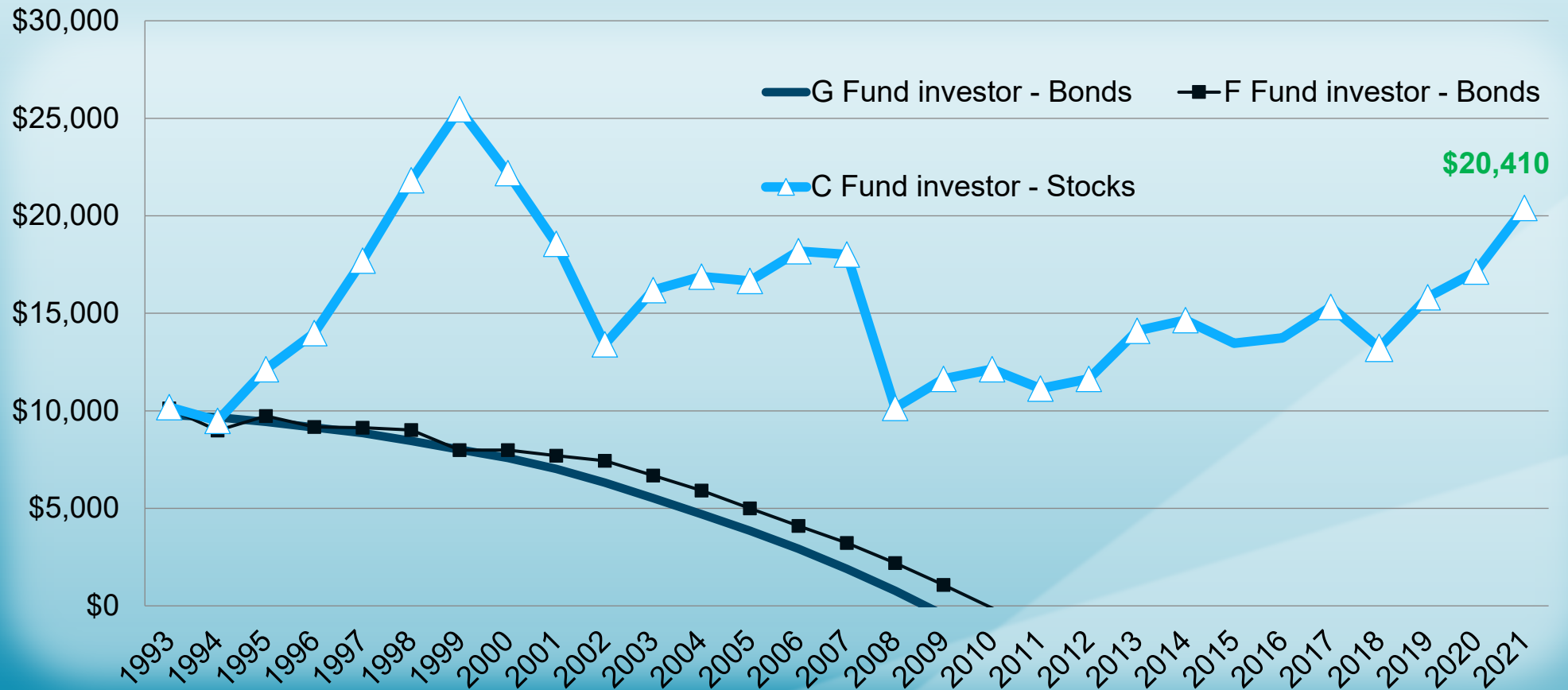
Lifecycle Fund	Stocks	Bonds
L-2050	84%	16%
L-2030	64%	36%
L-Income	25%	75%

# 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



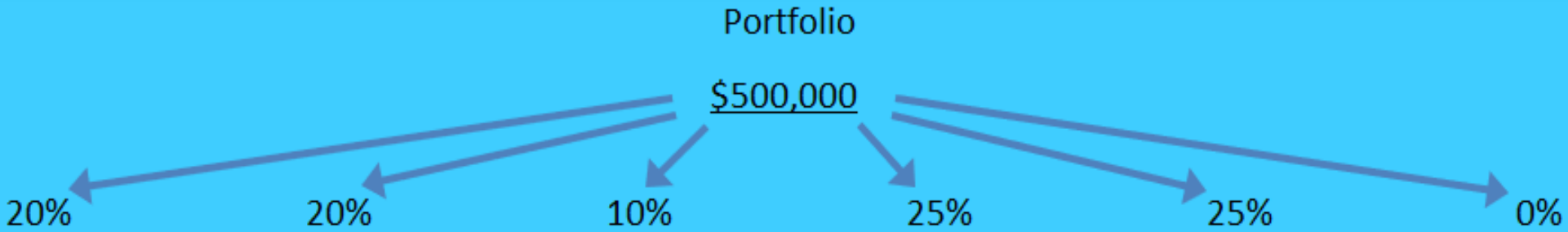
Courtesy of Leap Systems

**\$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

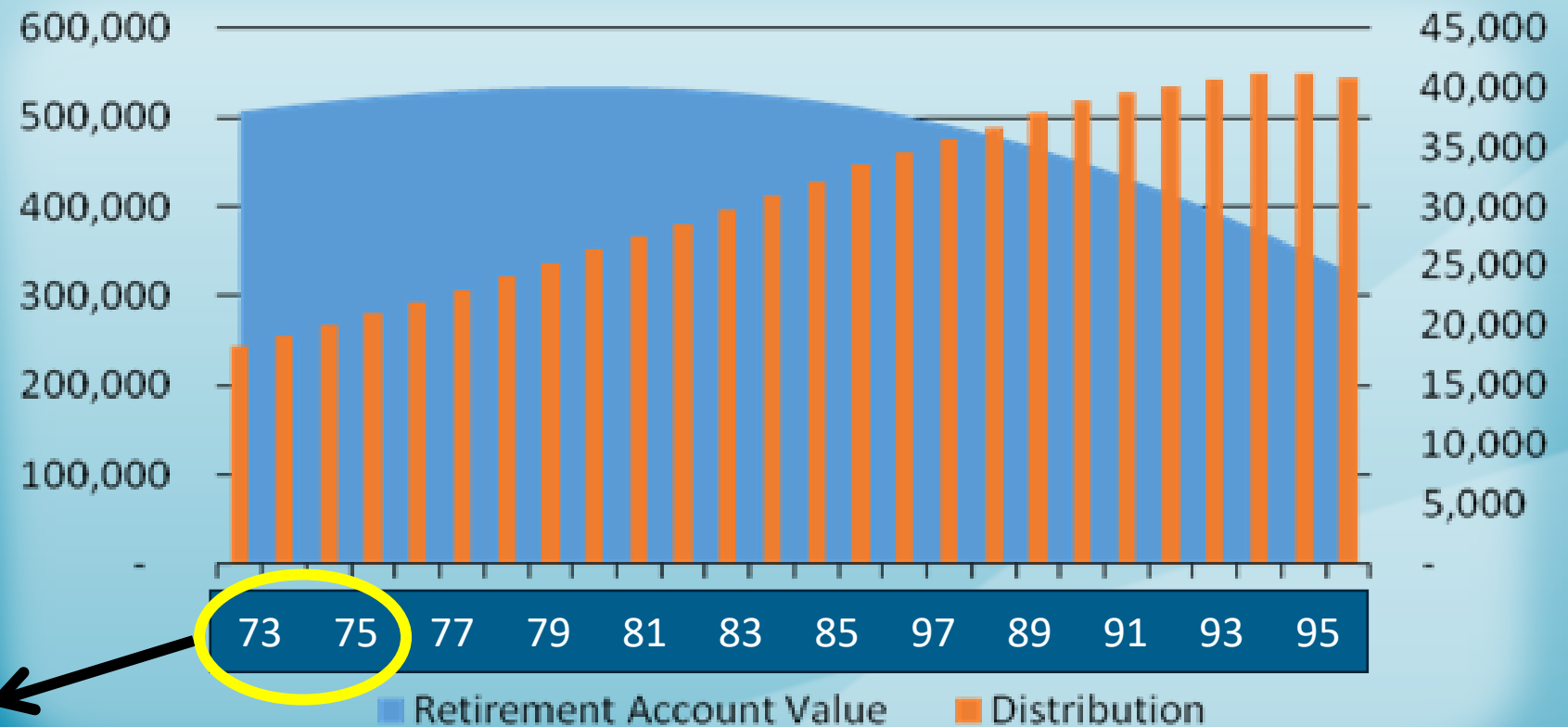
# Which RMD to use?

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

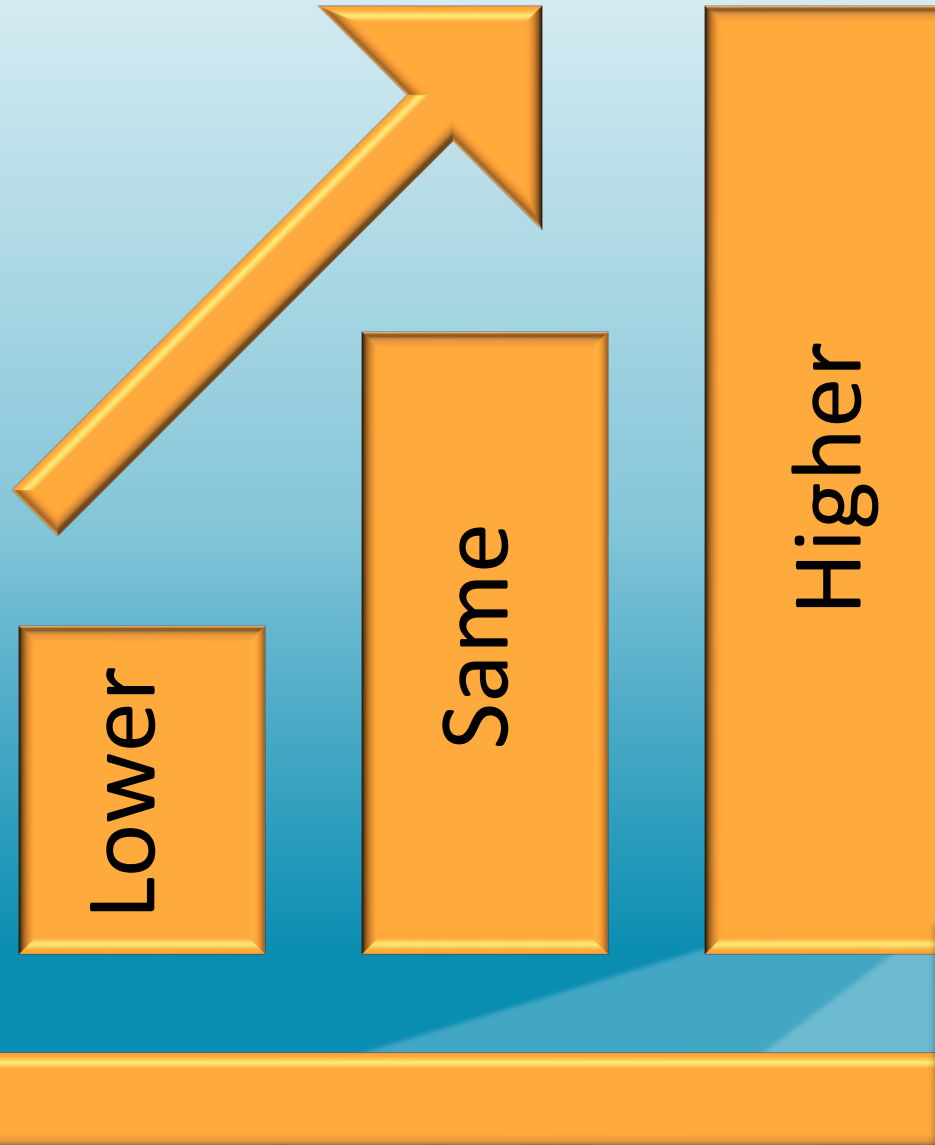


## Options

The Treatment of...	Traditional TSP	Roth TSP
Contributions	<i>Pre-tax</i>	<i>After-tax</i> <sup>1</sup>
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 <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>
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
<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

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	27,500					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 (2025) Page 2

<b>Tax and Credits</b>	<b>11b</b> Amount from line 11a (adjusted gross income) . . . . .	<b>11b</b>
	<b>12a</b> Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent	
	<b>b</b> <input type="checkbox"/> Spouse itemizes on a separate return <b>c</b> <input type="checkbox"/> You were a dual-status alien	
	<b>d</b> You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind	
	<b>Spouse:</b> <input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind	
	<b>e</b> Standard deduction or itemized deductions (from Schedule A) . . . . .	<b>12e</b>
	<b>13a</b> Qualified business income deduction from Form 8995 or Form 8995-A . . . . .	<b>13a</b>
	<b>b</b> Additional deductions from Schedule 1-A, line 38 . . . . .	<b>13b</b>
	<b>14</b> Add lines 12e, 13a, and 13b . . . . .	<b>14</b>
	<b>15</b> Subtract line 14 from line 11b. If zero or less, enter -0-. This is your <b>taxable income</b> . . . . .	<b>15</b>
	<b>16</b> Tax (see instructions). Check if any from Form(s): <b>1</b> <input type="checkbox"/> 8814 <b>2</b> <input type="checkbox"/> 4972 <b>3</b> <input type="checkbox"/> . . . . .	<b>16</b>
	<b>17</b> Amount from Schedule 2, line 3 . . . . .	<b>17</b>
	<b>18</b> Add lines 16 and 17 . . . . .	<b>18</b>
	<b>19</b> Child tax credit or credit for other dependents from Schedule 8812 . . . . .	<b>19</b>
	<b>20</b> Amount from Schedule 3, line 8 . . . . .	<b>20</b>
	<b>21</b> Add lines 19 and 20 . . . . .	<b>21</b>
	<b>22</b> Subtract line 21 from line 18. If zero or less, enter -0- . . . . .	<b>22</b>
	<b>23</b> Other taxes, including self-employment tax, from Schedule 2, line 21 . . . . .	<b>23</b>
	<b>24</b> Add lines 22 and 23. This is your <b>total tax</b> . . . . .	<b>24</b>

**Standard deduction for—**

- Single or Married filing separately, \$15,750
- Married filing jointly or Qualifying surviving spouse, \$31,500
- Head of household, \$23,625
- If you checked a box on line 12a, 12b, 12c, or 12d, see inst.

Form 1040 Department of the Treasury—Internal Revenue Service **2025** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning . . . . ., 2025, ending . . . . ., 20 . . . . . See separate instructions.

☐ Filed pursuant to section 301.9100-2 ☐ Combat zone ☐ Deceased ☐ Spouse ☐ Spouse ☐ Spouse ☐ Spouse

Other ☐ Other ☐ Other ☐ Other

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. . . . . Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. ☐

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

Foreign country name . . . . . Foreign province/state/country . . . . . Foreign postal code . . . . .

**Filing Status** ☐ Single ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS) ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS). Enter spouse's SSN above and full name here: . . . . . 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 2025, 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

**Dependents** (see instructions)

	Dependent 1	Dependent 2	Dependent 3	Dependent 4
(1) First name				
(2) Last name				
(3) SSN				
(4) Relationship				
(5) Check if lived with you more than half of 2025	(a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S.	(a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S.	(a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S.	(a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> And in the U.S.
(6) Check if	<input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled	<input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled	<input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled	<input type="checkbox"/> Full-time student <input type="checkbox"/> Permanently and totally disabled
(7) Credits	<input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents	<input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents	<input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents	<input type="checkbox"/> Child tax credit <input type="checkbox"/> Credit for other dependents

☐ Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

**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.

<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 31 . . . . .	<b>1f</b>
<b>g</b> Wages from Form 9919, line 6 . . . . .	<b>1g</b>
<b>h</b> Other earned income (see instructions). Enter type and amount: . . . . .	<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>2b</b> Taxable interest . . . . . <b>2b</b>
<b>3a</b> Qualified dividends . . . . . <b>3a</b>	<b>3b</b> Ordinary dividends . . . . . <b>3b</b>
<b>c</b> Check if your child's dividends are included in <b>1</b> <input type="checkbox"/> Line 3a <b>2</b> <input type="checkbox"/> Line 3b	
<b>4a</b> IRA distributions . . . . . <b>4a</b>	<b>4b</b> Taxable amount . . . . . <b>4b</b>
<b>c</b> Check if (see instructions) <b>1</b> <input type="checkbox"/> Rollover <b>2</b> <input type="checkbox"/> QCD <b>3</b> <input type="checkbox"/>	
<b>5a</b> Pensions and annuities . . . . . <b>5a</b>	<b>5b</b> Taxable amount . . . . . <b>5b</b>
<b>c</b> Check if (see instructions) <b>1</b> <input type="checkbox"/> Rollover <b>2</b> <input type="checkbox"/> PSO <b>3</b> <input type="checkbox"/>	
<b>6a</b> Social security benefits . . . . . <b>6a</b>	<b>6b</b> Taxable amount . . . . . <b>6b</b>
<b>c</b> If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>	
<b>d</b> If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here <input type="checkbox"/>	
<b>7a</b> Capital gain or (loss). Attach Schedule D if required . . . . . <b>7a</b>	
<b>b</b> Check if: <input type="checkbox"/> Schedule D not required <input type="checkbox"/> Includes child's capital gain or (loss)	
<b>8</b> Additional income from Schedule 1, line 10 . . . . . <b>8</b>	
<b>9</b> Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, 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>11a</b> Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . . <b>11a</b>	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2025) Created 9/5/25

# Retirement Tab on Financial Model

SUE RETIRE

Total Income		\$107,000		0	0	0	0
Additional Information		Employee		Match	Add.		
Sue 62-70							
Bill 62-70							
Retirement Income Projections		Regular Savings		CD's	College Savings		Rate Future Value
Sue	COLA	0%	Pension	\$18,836			1% 109,369
	WD	0%	Social Security	\$0			1% 0
	0%	0%	Tax Deferred	\$0			1% 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 Assets							
				\$0			
Total Income at year # 8 =				\$63,092			
0.0%	Target Retirement Income			\$62,866			
		Tax Deferred		Roth	401k & IRA		Rate Future Value
					IRA 578,760		4% 0
					roth 68,640		4% 93,939
					TSP 347,880		4% 966,258
		Tax Deferred		Roth	IRA		Rate Future Value
							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% 28,792

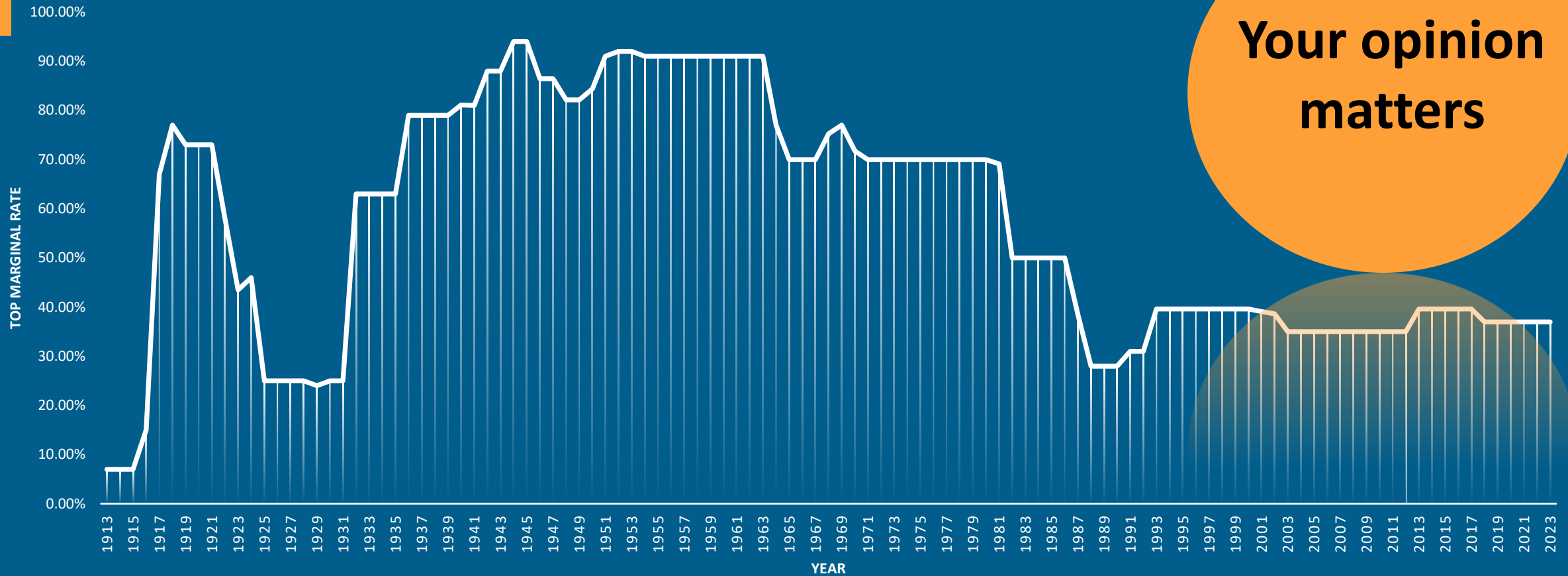
# RMD and Social Security Tab on Financial Model

RMD & SS

Total Income		\$107,000		0			0			0			0		
Additional Information															
Sue 70-100															
Bill 70-100															
Retirement Income Projections															
Sue	COLA	0%	Pension	\$18,836	Sue	Regular Savings	CD's	College Savings	Rate	Future Value					
	WD	0%	Social Security	\$32,000		Savings	109,369		1%	147,412					
		0%	Tax Deferred	\$0					1%	0					
		0%	Roth	\$0					1%	0					
	4%	0%	401k & IRA	\$38,650											
TOTAL				\$89,486											
Bill	COLA	0%	Pension	\$0	Bill	Tax Deferred	Roth	401k & IRA							
	WD	0%	Social Security	\$32,000				IRA	603,504	4%	0				
		0%	Tax Deferred	\$0					4%	304,680					
		0%	Roth	\$0		roth	93,939		4%	879,550					
	4%	0%	IRA	\$12,562				TSP	362,753						
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											
								Savings Type Assets Total			1,719,080				

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

HISTORICAL HIGHEST MARGINAL INCOME TAX RATES



Your opinion matters

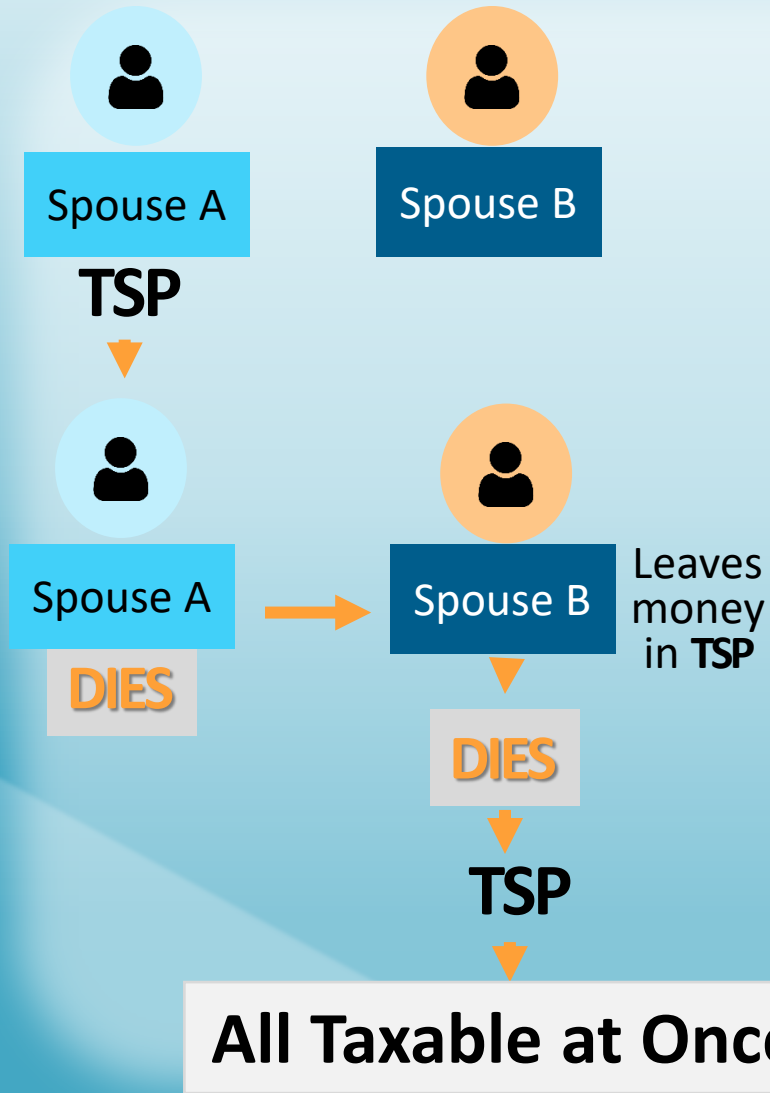
- ▶ The data referenced in this chart we created is from the Tax Policy Center: <https://taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates>
- ▶ This table contains a number of simplifications and ignores a number of factors, such as the amount of income or types of income subject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

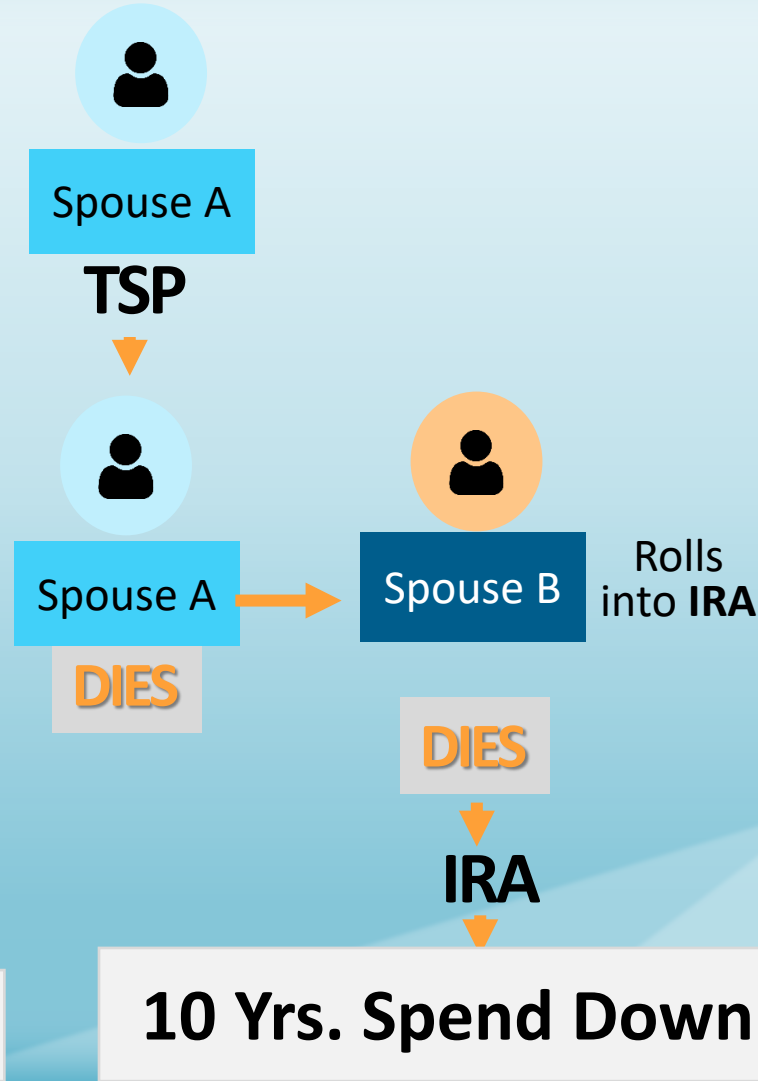


Secure Act 2.0

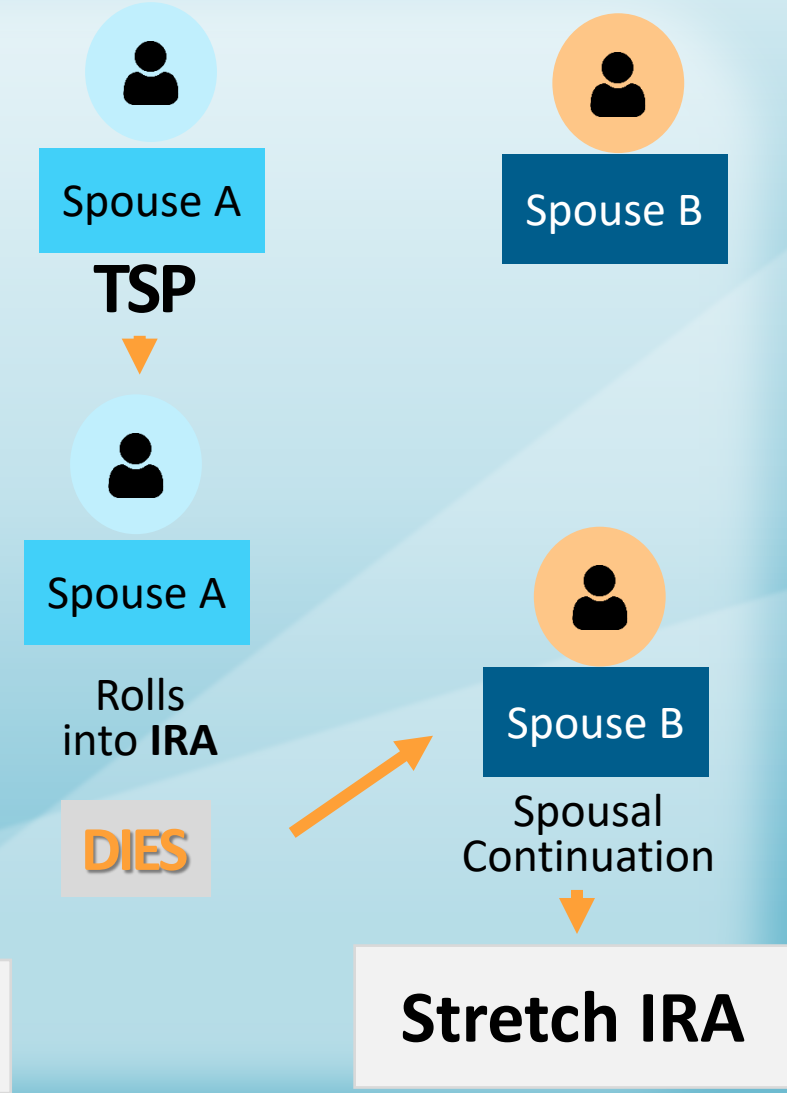
## Scenario 1



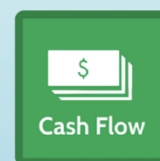
## Scenario 2



## Scenario 3







Protection

Savings

Growth





Thank you for your time today. Kindly fill out our feedback survey:  
<https://www.surveymonkey.com/r/DCSOFASURVEY>



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