



Withdrawing My TSP After Separation

Ask the NSSC Event
NSSC Retirement Services Team
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What happens to my TSP when I separate?

- TSP is notified within 30 days of your separation
- Harder to get money into the TSP
 - Eligible rollovers only
- Eligible for post-service withdrawals
- Still eligible to make inter-fund transfers
- Not eligible for the loan program

What are the different types of withdrawal options?

- Partial Withdrawal Request
 - One time only withdrawal of part of your TSP account
 - Cannot have made an age-based in-service withdrawal
 - Must request at least \$1,000
- Full Withdrawal Request of Entire Account Balance
 - Single Payment
 - Series of Monthly Payments
 - Life Annuity
 - Combination

Single Payment

- Withdraw your entire (or a portion) of your account balance in a single payment
- All or a portion of the funds can be paid directly to you
 - Be careful of the tax consequences
 - Possible 10% early withdrawal penalty
- All or a portion of the funds can be rolled over or transferred into another retirement account
 - May allow for more flexible withdrawal options based on the rules of the other retirement account
 - May allow for more investment options
 - Be careful of administrative fees of managing the other account
- Your TSP account would close if there is a zero balance (or less than \$200)

Series of Monthly Payments

- Based on a specific dollar amount you choose
 - Receive payments in the amount you elect (\$25 minimum) until your account is depleted
- Based on life expectancy tables
 - IRS Life Expectancy Table Changes at age 71 which causes a decrease in payments (IRS Single Life Expectancy Table switches to the IRS Uniform Lifetime Table) and payments will come proportionally from all investments
 - This withdrawal option can be used to avoid the 10 percent early withdrawal penalty
 - One time opportunity to switch to a specific dollar amount during the Annual Change Period at the end of the year

Series of Monthly Payments

- Eligible changes
 - Annual Change Period
 - At anytime change to a final single payment
 - Change where or how your payments are sent
 - You are still eligible to make interfund transfers
- Payments come out proportionally

Life Annuity

- Permanent decision
- Provides monthly income for life
- Monthly payment is determined by:
 - Annuity option you choose
 - Your age when the annuity is purchased
 - » If you purchase a joint annuity, the age of the joint annuitant will impact the payment, too
 - Amount used to purchase annuity (minimum \$3,500)
 - Interest rate index when your annuity is purchased
- This withdrawal option can be used to avoid the 10 percent early withdrawal penalty

Life Annuity cont'd

- Life Annuity Options
 - Single Life Annuity
 - » Provides monthly payments only as long as you live
 - Joint Life Annuity with spouse
 - » Provides monthly payments while either you or your spouse are alive
 - Joint Life Annuity with someone other than your spouse
 - » Provides monthly payments while either you or your joint annuitant are alive
 - » Joint annuitant must be a former spouse or someone with an insurable interest in you

Life Annuity cont'd

- Joint Life Survivor Annuities
 - 100 percent survivor annuity
 - » Pays the same monthly payment no matter if one or both of you are living
 - 50 percent survivor annuity
 - » If one dies, the monthly payment will be reduced 50 percent
- If you name a joint annuitant other than your spouse who is more than 10 years younger than you, you must choose a joint life annuity with the 50 percent survivor benefit
 - Exception: If joint annuitant is a former spouse to whom all or a portion of your TSP account is payable under a retirement benefits court order

Life Annuity cont'd

- Level and Increasing Payments
 - Level Payments
 - » Remain the same from year to year
 - Increasing Payments
 - » Payments can change each year on the anniversary date of the first payment
 - » Amount of change is based on the change in inflation as measured by the CPI
 - » Increases cannot exceed 3 percent per year
 - » Monthly payments will never decrease
 - » You cannot choose this option if you have a joint annuitant other than a spouse

Life Annuity cont'd

- Additional Annuity Features That Allow for Beneficiaries
 - Cash Refund
 - » If you (and your joint annuitant, if applicable) die before the amount used to purchase your annuity has been paid out, the remaining amount will be paid to your beneficiary in a lump sum
 - Ten-Year Certain
 - » If you die before receiving annuity payments for a 10-year period, payments will continue to the beneficiary for the rest of the 10-year period
 - » Only available for single life annuities

IV. WITHDRAWAL ELECTION— This section is required. Choose one or more methods. Indicate percentages in whole numbers. If choosing monthly payments, include the dollar amount of each payment or choose to have the TSP compute your payments based on your life expectancy.

23. I would like to withdraw my entire account balance as follows:

a. .0% Single Payment

b. .0% Life Annuity (Must equal \$3,500 or more. Also complete Page 6.)

c. .0% TSP Monthly Payments → Tell us how to pay your monthly payments:

100 % (Total a, b, and c)

\$, .00 per month (\$25.00 or more)

OR

Compute my payments based on my life expectancy.

When do I have to take my money out of TSP?

- Required Minimum Distribution (RMD)
 - Internal Revenue Code requires you to receive a certain portion of your account each year based on life expectancy tables once you meet the withdrawal deadline
 - Required to make a withdrawal choice for your TSP account balance by April 1 of the year following the year you become age 70½
 - If you are still a Federal employee employed at age 70½, your required withdrawal must begin by April 1 of the year following the year you separate
 - Don't wait until April 1 to make your election for you RMD!
 - Due to administrative processes, TSP will process payment on March 1 if no election is made
 - May be subject to 2 RMDs in one tax year

Additional References

- TSP Calculators
 - <https://www.tsp.gov/PlanningTools/index.html>
- TSP Living in Retirement
 - <https://www.tsp.gov/PlanningTools/LivingInRetirement/index.html>
- TSP Retirement Planning Phases
 - <https://www.tsp.gov/PlanningTools/RetirementPlanningPhases/index.html>
- TSP Investment Strategy
 - <https://www.tsp.gov/PlanningTools/InvestmentStrategy/index.html>
- Non-Endorsed References
 - <http://tsptalk.com/>
 - <http://www.growmythriftsavingsplan.com/>

Questions

- During this Event
 - Use the chat function
 - Email nssc-retirements@mail.nasa.gov
- After this Event
 - Call 1-877-677-2123
 - Email nssc-contactcenter@nasa.gov

Join Us At The Next Virtual “Ask the NSSC” Event

- Retirement Processing – How to Complete the Forms and What to Expect
 - October 5, 2017
 - 1pm-2pm CT
 - Open to all NASA employees preparing for retirement