

VESTING IN THE THRIFT SAVINGS PLAN (TSP)

COAST GUARD FINANCIAL READINESS

Preparation: Distribute and discuss the *Vesting in the Thrift Savings Plan (TSP)* Checklist and accompanying handouts to support this video-based training course. Checklists and handouts can be found online at [Coast Guard Personal Financial Management Program - FINRED Learning Resource Library - APAN Community](#).

★ PART ONE: Getting Started

Play Videos 1 and 2

Introduction: Welcome to this training course on Vesting in the Thrift Savings Plan (TSP) and congratulations on reaching this important milestone in your career. The goal of today's training course is for you to learn about retirement planning, how the TSP works, and the investment choices available in the TSP. Let's get started!



1. Vesting in the TSP Overview

DISCUSSION QUESTIONS

1. We just saw some good information on the benefits of saving and investing early in your career. Who knows someone who did this and is now in good shape to be able to retire comfortably? Or, who knows someone who didn't do this and consequently is struggling to get to a position where they can quit working some day?



2. Why Save for Retirement?

Talking Points: Understand that not everyone has retirement savings on their to-do list or even as a priority in their life. However, knowing how saving and investment returns can work for you, how time can assist in accumulating and compounding your earnings, and the the negative impact of inflation on purchasing power over time, it is best to start as soon as possible. Talk with your leadership or trusted family or friends and ask them what they wish they had done differently regarding retirement savings. Remember that even a small investment toward retirement when you're young can have a big impact later on. If you decide to wait 10, 20 or 30 years, a much larger portion of your income will need to go toward retirement savings to prepare for the day that you are no longer working.

2. When building a retirement funding strategy, how do you think the TSP can help?

Talking Points: The TSP can supplement the more common ways to pay for retirement like Social Security and pensions. If you don't plan on having a pension, or if you do plan on having one but don't think it will be enough, then it is a good idea to target your personal investing goals at a higher level to fill the gap.

KNOWLEDGE CHECK

Question: What percentage of your pretax pay should you strive to save toward retirement?

Answer: Try to save at least 10% – 15% and more when possible.

★ PART TWO: Retirement Planning

Play Video 3

Introduction: The next video reviews the four components of the Blended Retirement System (BRS). By gaining a better understanding of the features and benefits of this program, you can take full advantage of them to help build your own retirement.



3. Military Retirement Overview

DISCUSSION QUESTION

1. What are the four components of the Blended Retirement System that can help fund your retirement?

Talking Points: The features of the Blended Retirement System (BRS) include the TSP with automatic and matching Coast Guard contributions, the military pension, the lump-sum option and Continuation Pay.

Under normal circumstances, you can contribute \$23,000 in your TSP in 2024. Under the BRS you will automatically receive automatic contributions equal to 1% of your base pay from the Coast Guard. By contributing 5% of your base pay you can take advantage of 4% Coast Guard matching contributions. Put this all together and contributing 5% of your base pay to the TSP will result in receiving 5% in service contributions for a total of 10%. If you serve long enough, typically 20 years, you will also be eligible to receive a pension. BRS participants have the option to take a lump-sum payment in exchange for a reduced monthly pension amount and can choose to receive Continuation Pay near their midcareer mark if offered by the Coast Guard.

KNOWLEDGE CHECK

Question: What percentage of your pay must you contribute to your TSP to receive the maximum match from the Coast Guard?

Answer: 5%

Question: Roughly, how much will your pension be if you retire with 20 years of service?

Answer: 40% of your retirement base pay

★ PART THREE: Features of the TSP

Play Videos 4, 5, 6, and 7

Introduction: The next four videos will cover how the TSP works and how to utilize it to help achieve your retirement funding goals.



4. Vesting in the TSP

DISCUSSION QUESTION

1. What does the term vesting mean, and what is vesting for those under the Military's BRS?

Talking Points: Vesting refers to the time when all automatic and matching Coast Guard contributions in your TSP account are yours to keep. Coast Guard members under the BRS will be fully vested after completing two years of military service.



5. Understanding the TSP

2. You are in charge of managing your TSP account. What steps can you take now to ensure you are handling your retirement plan properly?



6. Managing Your TSP

Talking Points: Ensure your account information in Direct Access is accurate. Check your tax treatment on contributions and update the percentage of contribution of pay. You can complete the following tasks by logging in to <https://www.tsp.gov>:

- Obtain your account number and password
- View your current account allocation and choose allocation for future contributions and update as needed
- Review and update beneficiaries



7. TSP Max — Take It to the Limit

KNOWLEDGE CHECK

Question: TSP matching under BRS applies to what type of pay?

Answer: Basic Pay

Question: When are BRS participants vested in contributions provided by the Coast Guard?

Answer:

1. Opt-in — Matching vested immediately, 1% automatic contribution vested after two years total service.
2. New accessions — Matching begins after two years and is immediately vested. The 1% automatic contribution is vested after two years.

★ PART FOUR: Conclusion And Additonal Resources

Play Video 8



8. Final
Thoughts

Introduction: Although this training is complete, additional support is available. Visit the Personal Financial Manager (PFM) at your local Health, Safety and Work-Life (HSWL) Regional Practice and access resources through CG SUPRT and the TSP website.

Note: Provide contact information for the PFM at the local HSWL Regional Practice, CG SUPRT at <https://www.cgsuprt.com> or 855-CG-SUPRT (247-8778) and the TSP at <https://www.tsp.gov> or via the ThriftLine at 1-877-968-3778.