Your TSP Account

A Guide for Beneficiary Participants

Thrift Savings Plan

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The Thrift Savings Plan

The Thrift Savings Plan (TSP) is a retirement savings plan similar to 401(k) plans offered to private sector employees. This booklet provides you with an overview of TSP features and rules that apply to beneficiary participant accounts.

When a TSP participant dies, the TSP account is distributed according to the participant's designation of beneficiaries on file with the TSP. If there is no designation of beneficiaries on file for a TSP account, then distribution follows the statutory order of precedence (see page 10).

If you are a **spouse beneficiary** of a deceased civilian or uniformed services TSP participant's account, and your share of the balance in the TSP account is $200 or more, we will establish a beneficiary participant account in your name. (Although non-spouse beneficiaries also have accounts set up for them, those accounts are temporary. The information in this booklet applies only to spouse beneficiaries.)

Note: If your share of the balance in the TSP participant's account is less than $200, your share will be paid directly to you. You will not be able to remain in the TSP.

At the time your account is established, we will send you a confirmation notice that confirms the account balance and explains how to access the account. This notice tells you how your account is initially invested and what you can expect from the TSP. Be sure to read it carefully and let us know immediately if any of your personal information is incorrect.

TSP Benefits

As the owner of a TSP beneficiary participant account, you'll enjoy many benefits including the following:

- a diversified choice of investment options, including individual funds; professionally designed lifecycle funds, which mix the individual funds with an eye toward specific target dates; and an option for investing in mutual funds
- tax-deferred earnings on traditional money
- tax-free earnings on Roth money if qualified (see "Qualified Earnings" in the glossary on page 14)
- low administrative and investment expenses
- the ability to roll your beneficiary participant account over to an existing civilian or uniformed services TSP account if you have one
- a variety of distribution options

You will not be able to make contributions to, borrow from, or roll money over to your beneficiary participant account.

Investing in the TSP

When your beneficiary participant account is first established, the money in it will be invested just as it was in your spouse's account except for any money he or she had invested in the mutual fund window. Money from the mutual fund window will be reinvested in TSP funds according to your spouse's investment election on file. (See "Mutual Fund Window" below and on page 7.) You can change how the money is invested by making a reallocation or fund transfer (see page 7).

We offer you three approaches to investing your money:

- **Individual Funds—**You make your own decisions about your investment mix by choosing from any or all of the individual TSP investment funds (G, F, C, S, and I Funds).
- **The L Funds—**Each of the ten Lifecycle Funds (L Funds) is a diversified mix of the five individual funds. They were designed by investment professionals to let you invest your entire portfolio in a single L Fund and get the best expected return for the amount of expected risk that is appropriate for you.
- **Mutual Fund Window—**If you meet certain conditions and pay the necessary fees, you can invest in mutual funds available in our mutual fund window. Once you've made the election to invest in the mutual fund window, you independently select which mutual funds you want to invest in with that money. You cannot take distributions directly from money invested in the mutual fund window. You must first transfer it to a TSP fund. No more than 25% of your total account balance may be invested in the mutual fund window, and your initial investment in it must be at least $10,000.

These investment options are designed so you can choose either the L Fund that is appropriate for you, or a combination of the TSP funds and mutual funds that will support your personal investment strategy. You may invest in any fund or combination of funds. Because the L Funds are already made up of the five individual funds, you will duplicate your investments if you invest simultaneously in an L Fund and individual TSP funds.

The Individual Funds

The TSP has five individual investment funds:

The Government Securities Investment Fund (G Fund)—The G Fund is invested in short-term U.S. Treasury securities. It gives you the opportunity to earn rates of interest similar to those of long-term government securities with no risk of loss of principal. Payment of principal and interest is guaranteed by the U.S. government. The interest rate paid by the G Fund securities is calculated monthly, based on the market yields of all U.S. Treasury securities with more than 4 years to maturity; the interest rate changes monthly.

The Fixed Income Index Investment Fund (F Fund)—The F Fund tracks the Bloomberg U.S. Aggregate Bond Index. This is a broad index representing the U.S. government, mortgage-backed, corporate, and foreign government (issued in the U.S.) sectors of the U.S. bond market. This fund offers you the opportunity to earn rates of return that exceed money market fund rates over the long term (particularly during periods of declining interest rates).

The Common Stock Index Investment Fund (C Fund)—The C Fund tracks the Standard & Poor's 500 (S&P 500) Stock Index. This is a market index made up of the stocks of 500 large U.S. companies. It offers you the potential to earn the higher investment returns associated with equity investments.

The Small Capitalization Stock Index Fund (S Fund)—The S Fund tracks the Dow Jones U.S. Completion Total Stock Market (TSM) Index. This is a market index of small and medium-sized U.S. companies that are not included in the S&P 500 index. It offers you the opportunity to earn potentially higher investment returns that are associated with "small cap" investments, but with greater volatility.

International Stock Index Investment Fund (I Fund)—The I Fund tracks the MSCI EAFE (Europe, Australasia, Far East) Index. This is a broad international market index, made up of primarily large companies in more than 20 developed countries. It gives you the opportunity to invest in international stock markets and to gain a global equity exposure in your portfolio.

The TSP funds are not available to investors outside of the TSP and do not have ticker symbols (unique identifiers assigned to securities). You can, however, obtain additional information about the underlying indexes that certain TSP funds track.

TSP Fund	Index TSP Fund Tracks
F Fund	Bloomberg U.S. Aggregate Bond Index
C Fund	Standard & Poor's 500 (S&P 500) Stock Index
S Fund	Dow Jones U.S. Completion Total Stock Market (TSM) Index
I Fund	MSCI EAFE Index

The L Funds

The L Funds are designed by investment professionals to let you invest your entire portfolio in a single L Fund and get the best expected return for the amount of expected risk that is appropriate for you. Each of the ten L Funds is a diversified mix of the five individual funds (G, F, C, S, and I). The asset allocations are based on assumptions regarding future investment returns, inflation, economic growth, and interest rates. We regularly review these assumptions to see whether changes to the allocations should be made.

The year in the name of the L Fund is its target date, and the exact mix of individual funds in each L Fund is called the target allocation. The farther away the target date, the more aggressive the target allocation. So, for example, L 2065 is designed for people who plan to begin taking distributions within a few years of 2065. These younger participants can take more risk, seeking greater return, because they have time to recover from any market downturns before they'll need their money. L 2065's target allocation includes more of the aggressive C, S, and I Funds and very little of the conservative G and F Funds.

Every quarter (three months), the target allocations of all the L Funds except L Income are automatically adjusted, gradually shifting them from higher risk and return to lower risk and return as they get closer to their target dates. When an L Fund reaches its target date, it goes out of existence, and any money in it becomes part of the L Income Fund. For example, in 2025, the L 2025 Fund becomes part of the L Income Fund.

One of the important things about the L Funds is that they stick to their target allocations for a full quarter regardless of what the markets do. Every trading day, some of the individual funds in an L Fund will do better than others. At the end of the day, the individual funds that did better will make up a higher percentage of the L Fund than the ones that did less well. To maintain each L Fund's target allocation, we rebalance it at the end of every trading day. We do this by buying and selling the individual funds that make up the L Fund so that the percentages go back to what they were at the beginning of the day. In effect, we're buying low and selling high at the end of every trading day.

Investing in the L Funds does not eliminate risk, and the funds are not guaranteed against loss. The L Funds are subject to the risks inherent in the underlying individual funds and can have periods of gain and loss.

Fund Risks

There are various types of risk associated with the TSP funds. There is no risk of investment loss in the G Fund. However, investment losses can occur in the F, C, S, and I Funds. Because the L Funds are invested in the individual TSP funds, they are also subject to the risks that those underlying funds are exposed to. These risks include the following:

- **Credit risk—**The risk that a borrower will default on a scheduled payment of principal and/or interest. This risk is present in the F Fund.
- **Currency risk—**The risk that the value of a currency will rise or fall relative to the value of other currencies. Currency risk occurs with investments in the I Fund because of fluctuations in the value of the U.S. dollar in relation to the currencies of the countries in the MSCI EAFE index.
- **Inflation risk—**The risk that your investments will not grow enough to offset the effects of inflation. This risk is present in all five funds.
- **Market risk—**The risk of a decline in the market value of the stocks or bonds. This risk is present in the F, C, S, and I Funds.
- **Prepayment risk—**A risk associated with the mortgage-backed securities in the F Fund. During periods of declining interest rates, homeowners may refinance their high-rate mortgages and prepay the principal. The F Fund must reinvest the cash from these prepayments in current bonds with lower interest rates, which lowers the return of the fund.

Choosing Your Own Investment Mix

If you decide not to invest in the L Funds and you would rather choose your own investment mix from the G, F, C, S, and I Funds or use the mutual fund window, remember that your investment allocation is one of the most important factors affecting the growth of your account. If you prefer this approach, keep the following points in mind:

Consider both risk and return. Over a long period of time, the F Fund (bonds) and the C, S, and I Funds (stocks) have higher potential returns than the G Fund (government securities). But stocks and bonds also carry the risk of investment losses, which the G Fund does not.

You need to be comfortable with the amount of risk you expect to take. Your investment comfort zone should allow you to use a long-term strategy so that you are not chasing market returns during upswings, or abandoning your investment strategy during downswings.

You can reduce your overall risk by diversifying your investments. The five individual TSP funds offer a broad range of investment options, including government securities, bonds, and domestic and foreign stocks. Generally, it's best not to put "all of your eggs in one basket."

The amount of risk you can sustain depends on your investment time horizon. The more time you have before you need to take money from your account, the more risk you may be able to take. (This is because early losses can be offset by later gains.)

Periodically review your investment choices. Check the investment allocation of your account to make sure that the mix you chose is still appropriate for your situation. If not, rebalance your account to get the allocation you want. You can rebalance your account by making a fund transfer or reallocation.

Comparison of the TSP Funds

The chart below provides a comparison of the available TSP funds. For more detailed information about each fund, see the TSP *Fund Information* sheets on tsp.gov. You can also link to useful information about funds you own in My Account.

	Investments	Objective	Risk (see page 14)	Volatility	Types of Earnings***	Inception Date
G Fund	Government securities (specially issued to the TSP)	Interest income without risk of loss of principal	Inflation risk	Low	Interest	April 1, 1987
F Fund*	Government, corporate, and mortgage-backed bonds	To match the performance of the Bloomberg U.S. Aggregate Bond Index	Market risk, credit risk, prepayment risk, inflation risk	Low to moderate	Change in market prices, interest	Jan. 29, 1988
C Fund*	Stocks of large U.S. companies	To match the performance of the Standard & Poor's 500 (S&P 500) Stock Index	Market risk, inflation risk	Moderate	Change in market prices, dividends	Jan. 29, 1988
S Fund*	Stocks of small to medium-sized U.S. companies not included in the C Fund	To match the performance of the Dow Jones U.S. Completion TSM Index	Market risk, inflation risk	Moderate to high	Change in market prices, dividends	May 1, 2001
I Fund*	International stocks of more than 20 developed countries	To match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index	Market risk, currency risk, inflation risk	Moderate to high	Change in market prices, change in relative value of currency, dividends	May 1, 2001
L Funds**	Invested in the G, F, C, S, and I Funds	To provide professionally diversified portfolios based on various time horizons, using the G, F, C, S, and I Funds	Exposed to all of the types of risk to which the individual TSP funds are exposed, but total risk is reduced through diversification among the five individual funds	Asset allocation shifts as target date approaches to reduce volatility	Composite of earnings in the underlying funds	August 1, 2005

* The F, C, S, and I Funds also have earnings from securities lending income and from temporary investments in G Fund securities. These amounts represent a very small portion of total earnings.

** Each of the L Funds is invested in the individual TSP funds (G, F, C, S, and I). The proportion of your L Fund balance invested in each of the individual TSP funds depends on the L Fund you choose.

*** Income from interest and dividends is included in the share price calculation.

The Mutual Fund Window

The mutual fund window allows participants who meet certain conditions to invest a portion of their account in mutual funds outside of the TSP. Your initial investment in the mutual fund window must be at least $10,000, and you may not invest more than 25% of your total account in the mutual fund window. The TSP has no part in designing or managing the mutual funds available to you in the mutual fund window. If you are thinking about using the mutual fund window, bear in mind that any or all of the risks explained in the description of the TSP funds may also apply to your chosen mutual funds. In addition, participants who choose to invest through the mutual fund window will be charged fees that do not apply to participants who invest only in the TSP funds.

Reallocations and Fund Transfers

There are two types of investment transactions you can make:

- Reallocation
- Fund transfer

Reallocation. A reallocation moves the money in your account among the TSP investment funds. When you make a reallocation, you choose the new percentage you want invested in each fund. You cannot move specific sources of money among the funds. For example, if you have traditional (including tax-exempt) and Roth money in your account, your reallocation will move a proportional amount from each type of money into the funds that you have specified.

Fund transfer. A fund transfer moves money from one or more specific funds to another specific fund or funds without affecting the rest of your account. Fund transfers are also how you move money to and from the mutual fund window.

Reallocations and fund transfers are limited. Each calendar month, your first two reallocations or fund transfers may be used to redistribute money in your account among any of the TSP funds. After the first two of either type of transaction, for the remainder of the month, you can only move money into the G Fund. If you have both a civilian and a uniformed services account, these rules apply to each account separately.

Making investment transactions. You can make either of these transactions in My Account or by using one of the ThriftLine options listed at the beginning of this booklet. Transactions made before noon eastern time are generally processed that business day. If we have a valid email address for you on file, we will send an email confirmation of your transaction.

Administrative Expenses for TSP Funds

TSP expenses include the costs of operating the TSP's recordkeeping system; providing participant services; and printing and mailing notices, statements, and publications.

TSP expenses are lower than the industry average. These expenses are paid primarily from the forfeitures of Agency/Service Automatic (1%) Contributions of FERS and BRS participants who leave federal service before they are vested, other forfeitures, loan fees, and—because those forfeitures and fees are not sufficient to cover all of the TSP's expenses—earnings on participants' accounts.

The effect of administrative expenses (after forfeitures) on the earnings of the G, F, C, S, and I Funds is expressed as a net expense ratio for each fund. The expense ratio for each fund is calculated by dividing the total administrative expenses charged to that fund over a period of time by the fund's average balance during the same period.

Since the L Funds do not have any unique administrative expenses, the L Funds do not have any additional charges. Therefore, the L Fund administrative expense ratios are weighted averages of the expense ratios of the G, F, C, S, and I Funds.

Your share of TSP net administrative expenses is based on the size of your account balance. For example, if the G Fund's net expense ratio is .040%, that means your earnings are reduced by 40 cents per $1,000 of your G Fund balance. **You can find the current expense ratios for all of the TSP funds on tsp.gov.**

Costs are important in saving for your retirement. Even small differences in expenses can, over time, have a dramatic effect on a fund's performance and the size of your account.

Taking Money Out of Your Account

You can keep your beneficiary participant account as long as you like. With the exception of required minimum distributions (see page 9), you can keep your money invested in this account without taking distributions. If you do decide to take money out, you have a number of options.

Any money you take from your account will be paid proportionally from each TSP fund in which you have investments. The same is true for any tax-exempt money in your traditional balance. For example, you cannot request a distribution from only the taxable portion of your traditional balance that is invested in the G Fund. If you are invested in multiple TSP funds, all of them will be affected by a distribution.

If you have both traditional and Roth money in your account and are leaving some money in your account, you must specify that your distribution should come only from your traditional money, only from your Roth money, or proportionally from both.

You cannot request a distribution directly from the TSP mutual fund window. If you have money invested there, you must first transfer it to a TSP fund before you can take it out.

Distribution Options

There are three basic methods of taking money from your TSP account as a beneficiary participant: installments, partial/total distributions, and annuity purchases. You can use one of these methods or any combination of them you choose.

TSP installments allow you to receive payments from your account monthly, quarterly (every three months), or annually. Your installments will continue, unless you stop them, until your total account balance equals zero. This is true even if you choose to have the installments come from your traditional money first or from your Roth money first. When you run out of money in your chosen source (traditional or Roth), installments will continue from the source you didn't choose. You have the option of receiving a specific dollar amount in each installment ($25 minimum) or having us calculate your installment amount based on life expectancy. After your installments are set up, you can stop or make changes to them at any time.

You can receive a **partial or total distribution** of your TSP account in a single transaction. Partial distributions must be at least $1,000, unless you're taking a distribution of your entire account balance, your entire traditional balance, or your entire Roth balance. There is no limit on the number of partial distributions you can take, but we will not process more than one partial or total distribution in any 30-day period. You are allowed to take a distribution of part of your account even if you're currently receiving installments.

An **annuity** pays a benefit to you (or to your survivor) every month for life. We purchase the annuity on your behalf from a private insurance company. You can have us purchase an annuity with all or any portion of your account balance. The minimum amount for purchasing an annuity is $3,500. It applies to traditional money and Roth money separately. Once you purchase a life annuity, it cannot be revoked or changed. There are tools and resources to help you in My Account. See the TSP fact sheet *Annuities* for more information.

Taxes on Distributions

When you take money out of your TSP account, you will owe taxes on any traditional money (excluding tax-exempt money) and the earnings they have accrued. You will also owe taxes on non-qualified Roth earnings (see "Qualified Earnings" in the glossary on page 14). Depending on the type of distribution you're taking, you may be able to continue to defer the taxes by rolling over your distribution to a traditional individual retirement account (IRA) or an eligible employer plan. You can also roll over your traditional money to a Roth IRA, but you will have to pay taxes on the full amount in the year of the rollover.

You will not owe taxes on any money you receive that's a non-taxable credit (NTC). NTCs include the following:

- Roth contributions and qualified earnings (see "Qualified Earnings" in the glossary on page 14).
- tax-exempt contributions (and earnings if designated as Roth and qualified)

See the booklet *Tax Rules about TSP Payments*, which is available on tsp.gov. The tax rules that apply to distributions from the TSP are complex, so you may also want to consult with a tax advisor or the IRS before you make any decisions.

IRS Required Minimum Distributions (RMDs)

The Internal Revenue Code (IRC) requires that you begin receiving annual distributions from your beneficiary participant account according to its required minimum distribution (RMD) rules. These rules require you to receive a certain portion of your account each year based on your life expectancy. We will send you information about these rules if they apply to you. For more information, you can read the TSP tax booklet *Tax Rules about TSP Payments*.

> If you choose installments based on life expectancy, the total dollar amount of your payment for the year will approximate your RMD. If your installments are not sufficient to meet your RMD for the year, we will send you a supplemental payment at the end of the year.

Death Benefits

Designating a beneficiary. In the event of your death, the funds in your beneficiary participant account cannot remain in the TSP. You should designate a person or persons, your estate, or a trust to receive your TSP account after your death. To designate a beneficiary or beneficiaries, log in to My Account on tsp.gov or use one of the ThriftLine options listed at the beginning of this booklet. **For us to honor it, your beneficiary designation must be on file with us at the time of your death. We cannot honor a will or any other document.**

Reviewing your beneficiaries. By law, we must pay your properly designated beneficiary(ies) under all circumstances. Consequently, if your life situation changes, you may want to make a new beneficiary designation that changes your current one.

If you die with a balance in your TSP account and did not designate beneficiaries for that account, the account will be distributed according to the following order of precedence required by law:[1]

1. To your spouse
2. If none, to your child or children equally, with the share due any deceased child divided equally among that child's descendants
3. If none, to your parents equally or to your surviving parent
4. If none, to the appointed executor or administrator of your estate
5. If none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death

As used here, "child" means either a biological child or a child adopted by the participant. It does not include your stepchild unless you have adopted the child. Nor does it include your biological child if that child has been adopted by someone other than your spouse.

"Parents" does not include stepparents who have not adopted you.

1 **Exception:** If you submit a request for an annuity and you die before annuity payments begin, the amount used to purchase the annuity will be returned to the TSP. We will, if possible, distribute this money consistent with your annuity beneficiary designation.

TSP distribution of death benefits. Death benefit payments made from your beneficiary participant account must be paid directly to your beneficiary(ies). These payments are subject to certain tax restrictions and cannot be rolled over to an IRA or eligible employer plan. In addition, your beneficiary(ies) will have to pay the full amount of taxes on the taxable portions of the payment in the year it is received. Your beneficiaries will not owe taxes on any NTCs. (See “Taxes on Distributions” on page 9.)

For detailed information about the rules associated with death benefit payments, read the TSP booklets *Death Benefits* and *Tax Rules about TSP Payments*.

In order for your beneficiaries to receive your account balance after your death, someone must notify us using one of the ThriftLine options listed at the beginning of this booklet. Once notified, we’ll determine the beneficiaries for your account and contact them with additional information and instructions.

Inter-plan Rollovers

If you have an existing TSP account from your own employment with the federal government or the uniformed services, you can move your beneficiary participant account into your existing TSP account as an inter-plan rollover. You cannot roll over a civilian or uniformed services TSP account to your beneficiary participant account. And if you have more than one beneficiary participant account, you cannot roll one over to the other, but you can roll over multiple beneficiary participant accounts to your civilian or uniformed services account.

If you are under age 59½, you may want to wait before doing an inter-plan rollover. Distributions you take before age 59½ from a civilian or uniformed services account may be subject to a 10% early withdrawal penalty tax. The penalty does not apply to distributions from a beneficiary participant account. So if you need to take a distribution before you turn 59½, you may get to keep more of your money if it’s coming from your beneficiary participant account.

Also, Roth earnings distributed from a beneficiary participant account are qualified—paid tax-free—as long as five years have passed since January 1 of the year your spouse first made a Roth contribution. This is called the Roth Begin Date.[2] For Roth earnings from a civilian or uniformed services account to be qualified, in addition to the five-year rule, you must be age 59½ or older, permanently disabled,[3] or deceased. (See “Qualified Earnings” in the glossary on page 14.) So, if you have Roth earnings in your beneficiary participant account, this is another reason it might be safer to wait until you’re 59½ or older before doing an inter-plan rollover.

If your beneficiary participant account resulted from a uniformed services account and your spouse served in a combat zone, you may have tax-exempt money in it. Tax-exempt money from a traditional balance cannot be rolled over from a beneficiary participant account to your civilian or uniformed services account. If you do an inter-plan rollover, we will pay this money directly to you.

To do an inter-plan rollover, contact the ThriftLine using one of the options listed at the beginning of this booklet.

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2 If you’ve rolled over your beneficiary participant account to your civilian or uniformed services account and both your accounts have Roth earnings, the earlier of the two Roth Begin Dates is used to determine if the earnings are qualified.

3 We cannot certify to the IRS that you meet the IRC’s definition of disability when your taxes are reported. You must provide the justification to the IRS when you file your taxes.

Other Information about the TSP

TSP Website (tsp.gov)

The TSP website has current TSP information and materials. You can also log in to the My Account section of tsp.gov to view personal account information (e.g., rates of return and unit prices), see details about TSP funds you own, and perform transactions.

Court Orders and Legal Processes

Your beneficiary participant account can be divided in an action for divorce, annulment, or legal separation, or garnished to satisfy a legal process associated with past-due alimony, child support obligation, IRS tax levy, or victims restitution pursuant to the Mandatory Victims Restitution Act (MVRA). There are fees associated with submitting these documents. For more details, read the TSP booklets *Court Orders and Powers of Attorney* and *Tax Rules about TSP Payments*.

TSP Administration

Management. The Federal Retirement Thrift Investment Board (Agency) is an independent government agency that administers the TSP. It is managed by a presidentially appointed five-member Board and an Executive Director chosen by the Board.

The Agency's recordkeeper handles the day-to-day maintenance and administration of all TSP accounts and assists participants with specific types of TSP-related problems or questions.

Law. The TSP is established under the Federal Employees' Retirement System Act of 1986 and is codified primarily under Chapter 84 of title 5, United States Code (USC). By law, the assets in the TSP are held in trust for each individual participant. The TSP is treated as a qualified trust that is exempt from taxation (see 26 USC § 7701(j)). Its regulations are published in Chapter VI of title 5 of the Code of Federal Regulations.

Audits. By law, the TSP must be audited annually. You can obtain a copy of the most current audited financial statement from frtib.gov or by writing to the TSP.

Glossary of Terms

Annuity—One of the distribution options you have as a TSP beneficiary participant. Purchasing an annuity provides guaranteed monthly income for the life of the TSP participant (or participant and survivor if a joint annuity). These payments are issued directly by the TSP annuity provider.

Bond—A debt security issued by a government entity or a corporation to an investor from whom it borrows money. The bond obligates the issuer to repay the amount borrowed (and, traditionally, interest) on a stated maturity date.

Contribution—A deposit made to the TSP by a civilian or uniformed services participant through payroll deduction or on behalf of the participant by his or her agency or service.

Distribution—Any payment you elect to receive from your TSP account as a beneficiary participant.

Eligible Employer Plan—A plan qualified under Internal Revenue Code (IRC) § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an IRC § 403(a) annuity plan; an IRC § 403(b) tax-sheltered annuity; and an eligible IRC § 457(b) plan maintained by a government employer.

Fixed Income Investments—Generally refers to bonds and similar investments (considered debt instruments) that pay a fixed amount of interest.

Fund Transfer—The choice made by a participant to move money from one or more TSP funds to one or more other TSP funds. It is also used to move money to and from the mutual fund window.

Index—A broad collection of stocks or bonds that is designed to match the performance of a particular market. For example, the Standard & Poor's 500 (S&P 500) is an index of large U.S. companies.

Index Fund—An investment fund that attempts to track the investment performance of an index.

Installments—Payments that the participant elects to receive each month, quarter, or year from his or her TSP account after separating from service. These installments can be of a fixed amount or an amount we calculate based on your life expectancy. (Note: In this case, as opposed to with an annuity, money remains in the TSP account and is paid out directly from the account.)

IRS Life Expectancy Tables—The IRS Single Life Table is used to calculate installments based on life expectancy for participants who have not yet reached the required minimum distribution (RMD) age when payments begin. These participants may choose to switch to the Uniform Lifetime Table when they reach RMD age. This decision cannot be reversed. The Uniform Life Table is used for participants who have already reached the RMD age when payments begin. There is no option to switch to the Single Life Table for these participants.

Mutual Fund Window—One of the options for how to invest up to 25% of the money in your TSP account. With an initial investment of at least $10,000, you can invest in any of the mutual funds available in our mutual fund window. Once you've made the election to invest in the mutual fund window, you independently select which mutual funds you want to invest in with that money. Fees apply to the mutual fund window that do not apply to investing in TSP funds.

My Account—The secure section of tsp.gov, where you can log in to your account to find out your account balance and perform transactions.

Non-Taxable Credits (NTCs)—The money in your TSP account that will not be taxed when you take a distribution. NTCs include Roth contributions and qualified earnings on them and tax-exempt contributions (and, if Roth, qualified earnings on them).

Qualified Earnings—Earnings on Roth contributions that are eligible to be paid out tax-free when distributed. Earnings are considered qualified as long as the following two requirements are met: (1) it has been 5 years since January 1 of the calendar year the participant made the first Roth TSP contribution and (2) the participant is at least age 59½, permanently disabled, or deceased. Roth earnings in a distribution from a beneficiary participant account only have to meet the first of these requirements to be considered qualified.

Reallocation—The choice made by a participant to reallocate his or her existing account balance among the available TSP investment funds.

Required Minimum Distribution (RMD)—The amount of money that the IRS requires be distributed to a beneficiary participant each year according to the Internal Revenue Code.

Roth Balance—The portion of your account made up of Roth (after-tax) money contributed by your deceased spouse, along with the accrued earnings. Portions of this money may have originated from tax-exempt pay.

Roth IRA—An individual retirement account that is described in § 408A of the Internal Revenue Code (IRC). A Roth IRA provides tax-free earnings. You must pay taxes on the funds you transfer from your traditional balance to a Roth IRA; the tax liability is incurred for the year of the transfer.

Securities—A general term describing a variety of financial instruments, including stocks and bonds.

Stocks—Equity securities issued as ownership in a publicly held corporation.

Tax-Exempt Contributions—Contributions that your deceased spouse made from tax-exempt pay. Such contributions can be made to the TSP by members of the uniformed services from pay that is covered by the combat zone tax exclusion.

Traditional Balance—The portion of your account made up of your deceased spouse's pre-tax (and any tax-exempt) TSP contributions, plus agency or service contributions and accrued earnings.

Traditional IRA—A traditional individual retirement account described in § 408(a) of the Internal Revenue Code (IRC), or an individual retirement annuity described in IRC § 408(b). It does not include a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).

Uniformed Services Members—1. Active-duty members of the Army, Navy, Air Force, Marine Corps, and Coast Guard. **2.** Members of the Ready Reserve and National Guard in any pay status. **3.** Active-duty members of the commissioned corps of the National Oceanic and Atmospheric Administration and the commissioned corps of the Public Health Service.

Volatility—The amount of change (both up and down) in an investment's value over time.