

Federal Benefits Roth vs. Traditional TSPs

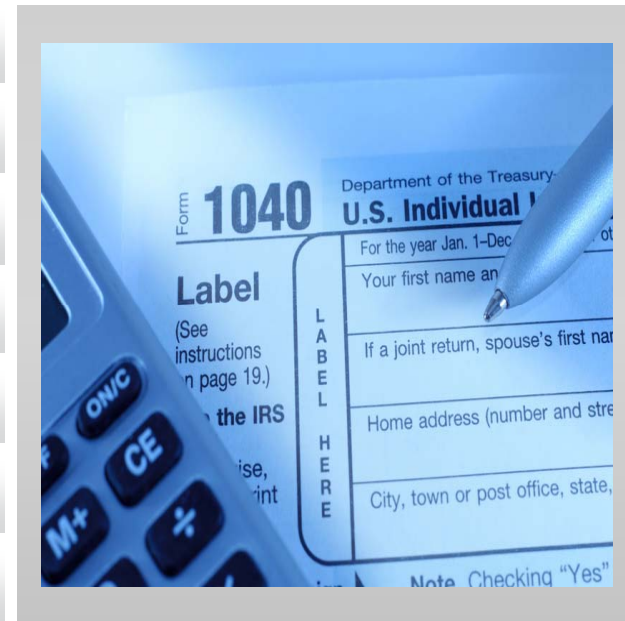
Presented By:

Wade Guemmer , CFP®



Agenda

- 1 Traditional TSP vs. Roth TSP
- 2 Can a Roth Benefit You?
- 3 What Else Should You Know About Roth TSPs?
- 4 CSRS and CSRS-Offsets
- 5 TSP Withdrawal Options
- 6 Personalized Analysis
- 7 Contact Information



Traditional TSP vs. Roth TSP

What's the Difference?

Traditional TSP

- Contributions are pre-tax dollars
- Lower your current taxable income
- Grow tax-deferred
- Fully taxable upon withdrawal
- Distributions required starting at age 70 ½

Roth TSP

- Contributions are after tax dollars
- No immediate tax benefit
- Tax-free withdrawals, as long as:
 - You are 59 ½
 - You are disabled
 - Withdrawal is taken 5 years after first contribution
- Do not require distributions in your lifetime

Can a Roth TSP Benefit You?

Questions to consider

- Every situation is unique. Your Roth benefit depends on your tax bracket now and in the future.
 - Do you expect your tax-bracket to be higher during retirement?
 - Do you think tax-brackets in general will rise in years to come?
 - Are you concerned about having your social security benefits become taxable due to Traditional TSP distributions?
 - Would you like to leave a tax-free income legacy to your heirs?

If you answered yes to any of these questions, a Roth TSP might be a good choice for you.

What Else Should You Know About Roth TSPs?

Conversion

1 You will not be able to transfer funds from your existing Traditional TSP to your Roth TSP. No options for conversion.

Allocation

2 You can allocate your entire annual contributions to the Roth TSP, or a combination of both Traditional and Roth. Maximum \$17,000 plus catch up of \$5,500 if eligible.

Contributions

3 Any contribution allocation or inter-fund transfer will apply to the balances in both the Traditional and Roth proportionally.

Withdrawals

4 Loans, in-service withdrawals, and partial withdrawals will be permitted as before, except now they will come out on a pro rata basis, with a proportional amount from each.

*Agency contributions will always be in the form of Traditional TSP Balance

Opportunity Alert for CSRS and CSRS Offset Employees



- 10% of all earnings through career may be contributed to the voluntary contribution fund
- After tax contributions can be rolled into a Roth IRA
- Gains would be rolled into a Traditional IRA or the Traditional TSP

TSP Withdrawal Options

1

Lump sum

2

Partial withdrawal. Age based partial withdrawal available to those still working but 59 ½

3

Equal monthly payments

4

Lifetime annuity

5

Rollover to individual retirement account

Personalized Analysis

Knowing what to expect for your retirement

Retirement

Your Federal Employee Benefits analysis provides a breakdown of retirement account value, which highlights your projected annual income, with the cost of living adjustment

Social Security Benefits/ TSP Projections

... demonstrates your social security benefits as well as the current state of your TSP contributions, projected annual return rates, projected savings at withdrawal, and withdrawal options

Federal Employees Group Life Insurance

... and shows a details analysis of your current coverage and cost of your Group Life Insurance, future coverage and costs.

Federal Employee Benefits Analysis

June 4, 2012

Benefit	
Retirement	\$2,551
Life Insurance	\$2,296
Health Insurance	\$1,276
Other	\$255
Total	\$3,060
Retirement	\$34,671
Total	\$72,960

Sue Smith
123 Main Street
AnyTown, US 12345

Benefit Planning, Inc.
Wade Guemmer
1900 NW South Oyster Road
Suite 200
Blue Springs, MD 64015
Phone: 816-229-5948
Fax: 816-229-5913
Email: wguemmer@benefit-planning.com



Important: You should consider taking at least the minimum Survivor Benefit Plan to guarantee your spouse the right to continue the Federal Employee Health Insurance Plan upon your death. If you elect not to participate in the Survivor Benefit Plan, your spouse may face a future need to obtain private sector health insurance at a potentially greater cost.

Benefit Planning, Inc. - Wade Guemmer - 816-229-5948

Federal Employee Benefit Solutions

Benefits of Working with an Advisor

FEBS Advisors help clients...

1

Manage their TSP during their career and after retirement

2

Coordinate investments to work efficiently and effectively together

3

Help determine what elections are needed

4

Assess the proper amount and type of life insurance to carry into retirement

At Federal Employee Benefit Solutions, we specialize in Federal Retirement Planning. We take pride in helping our clients to understand their financial strategy and goals, while engaging with them to help maintain their focus and vision on how to succeed in retirement.

Contact Us!

Federal Employee Benefit Solutions

1900 N.W. South Outer Rd. Ste 200
Blue Springs, MO 64015



(816) 229-5948



wguemmer@benefit-planning.com



www.wguemmer.com



Wade Guemmer, CFP®

THANK YOU!

The information and material contained in this presentation is of a general nature and is intended for educational purposes only. This presentation does not constitute a recommendation or a solicitation or offer of the purchase or sale of securities. Furthermore, this presentation does not endorse or recommend any tax, legal, or investment related strategy. The future performance of an investment or strategy cannot be deduced from past performance.

As with any investment or investment strategy, the outcome depends upon many factors including: investment objectives, income, net worth, tax bracket, risk tolerance, as well as economic and market factors. Before investing or using any strategy, individuals should consult with their tax, legal or investment advisor.

All information contained in this presentation has been derived from sources that we deem to be reliable but cannot be guaranteed.

Securities offered through Resource Horizons Group, L.L.C., Member FINRA, SIPC
Advisory services offered through Resource Horizons Investment Advisory
1350 Church St. Ext NE, Third Floor Marietta, GA 30060 770-319-1970