

*Finding your groove in the TSP can sometimes be challenging. Are you in the right funds? Are you contributing too much or not enough? How does your TSP fit with your other investments? At the end of the day, what will TSP provide for you in retirement? Follow these tips to keep TSP working for you.*

**1. Know what you are saving for.**

*Have a target or goal in mind that is based on real numbers. If you know what you need your account to do for you in retirement, chances are you are going to be much more motivated to buckle down today.*

**2. Not making a decision is a decision.**

*Taking responsibility for your decisions—or lack of decisions—is a critical part of “owning” your investment strategy. Take proactive measures to make solid decisions and make the TSP work for you.*

**3. Have realistic expectations.**

*Knowing what you need the TSP to do for you in retirement is certainly a good place to start. Many expect their TSP account to completely supplement their retirement income and find that a fairly hefty account doesn't produce much income for very long.*

**4. Invest regularly.**

*Take advantage of the market's ups and downs by investing a consistent amount of money over a long period of time. In the financial planning world, this is called “dollar cost averaging.” Buy fewer shares when the market's high and more shares when the market's low—or on sale.*

**5. Think long term.**

*By remaining focused on long term, you can help to control the emotions that usually cause investors to cringe. It's wise to reevaluate your needs and the funds' performance—but do it with an eye on the future.*

**6. The price of procrastination.**

*Starting to invest early in your career can have an exponential effect on your ultimate TSP balance. Compound interest is a beautiful thing because it allows time to work for you instead of against you.*

**7. Keep your emotions out of it.**

*Emotions drive our economy—but they might drive you crazy. Most who make financial decisions based primarily on emotionally charged feelings usually regret their decisions. Keep a level head.*

**8. Do your homework.**

*Understand the funds you are investing in and make sure it fits with your overall strategies. Picking the same funds that the co-worker next to you picked is certain to come back to bite you.*

**9. Don't chase past performance.**

*Looking in the proverbial rearview mirror doesn't do much good when it comes to investing. Just because the latest fad produced a robust return, doesn't mean it will continue to do so in the future. Every fund can't finish first every year. And most professionals would agree—it's more about “time in the market” than “timing the market.”*

**10. Recognize your risk tolerance.**

*It's easy to be an “aggressive” investor in a good market—but how about in a volatile one? Make sure your TSP contributions and allocations are consistent with your risk tolerance and retirement timeline.*

**11. Find a balance that works.**

*While being too aggressive can lead to a dramatic drop in an account balance, being too conservative in your investments can have the opposite effect—preventing you from reaping the rewards of the market. Consider your natural risk tolerance and retirement timeline to determine the best funds to be invested in.*

### 12. Have a rainy day fund.

*When life's unexpected events come up, having savings to pull from is a far better option than pulling from your TSP or lowering your monthly contributions. Intentionally set aside money so you don't interrupt your long-term plans or investment strategy.*

### 13. Avoid taking loans.

*If your TSP account is designed for retirement, taking loans out against this money is counterproductive. Instead, pull from your savings when unexpected events come up or consider a commercial loan that won't jeopardize your long-term retirement plans.*

### 14. Name a beneficiary.

*For goodness sake—name a beneficiary to your TSP account. There is a standard order of precedence if you die and you haven't named anyone to receive your account—but why take the chance!*

### 15. Weigh the tax advantages.

*A wonderful advantage of the TSP is being able to delay—or defer—paying taxes. Essentially, deducting your TSP contributions before paying your taxes. But let nobody fool you—the tax bill is coming. Many federal employees consider also investing in a Roth IRA program that doesn't have an immediate tax advantage, but all of the contributions are taken out tax-free.*

### 16. Complement the TSP.

*While the TSP definitely has its advantages, it's not the only investment vehicle that can help you get to where you want to go. Selecting other types of accounts that complement your TSP can help you to know that you are taking full advantage of all of your options—not just in the TSP.*

### 17. Take other people's money.

*If someone is offering free money—take it! FERS employees receive an automatic 1% contribution from their agency, but the other 4% match requires the employee to contribute at least 5% of their salary. Consider this—getting this 5% from your favorite Uncle is like getting a 100% return on your initial investment.*

### 18. Keep your spouse in the loop.

*Keep your TSP strategy—and financial plan—on track by reviewing with your spouse regularly. Make a commitment to review the big picture once a year and adjust your course as necessary.*

### 19. Get back to the basics.

*It's easy to get shaken in a turbulent market and stop investing altogether. If you have accounted for your risk tolerance, considered the retirement timeline, and have a well-rounded approach to your investment strategy—you are likely on a solid path. Review these fundamentals regularly and make unemotional adjustments as necessary.*

### 20. Ask for help when you need it.

*Find someone you trust who can help you to make smart choices about money and retirement. Many financial professionals specialize in working with federal employees and leveraging your benefit options. Remember—most people don't plan to fail, they simply fail to plan.*

Following the session, you may submit questions to the speaker, Chris Lennan, by visiting: [www.MyFederalRetirement.com/questions](http://www.MyFederalRetirement.com/questions)

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