

Retirement and Benefits Information

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You Have Options With Your TSP

It's no surprise that thousands of Postmasters are watching their TSP now more than ever. Some are considering VERA, others are just wondering if what they have will be enough to allow them to live the way they want in retirement. Our focus in this article will be to make sure you know what options you have with your TSP when you retire or even earlier in a lot of cases.

The TSP is a great accumulation vehicle because it is payroll deduction and if you are a FERS employee you get matching up to 5%. However, when it comes to retirement you need the TSP to perform in a much different way. There are three phases of retirement savings: 1) Accumulation, 2) Preservation and then 3) Distribution. As you can see there are two other phases past accumulation that are very important. In our opinion, the TSP is inadequate when it comes to the last two phases of retirement savings.

In the Preservation Phase, the goal is to make sure you do not lose any of your hard earned money just a few years before you retire. Unfortunately, some of you have already lost a good percentage of what you had saved, in last year's market bust. Everyone has different risk tolerance but almost everyone agrees as you get closer to retirement you should become more conservative and focus more on **preserving** your savings than growing them. One of the only options available to you in the TSP that will serve in preserving is the G Fund. At the time of this article, the G fund had a 12 month return of 3.45%. You may be preserving your balance; however, you

aren't keeping up with the price of gas.

The distribution option most people take is the lifetime annuity. This option involves SELLING your TSP to Met Life and in exchange for the cash, they promise to give you a monthly check for the rest of your life. There are a few problems with this option:

1. Your money will never grow again.
2. Once you elect this option, you lose access to your cash forever.
3. If you have a premature death, your children get nothing.

Remember, this is the option most

people take because it is the only option USPS Shared Services employees are allowed to tell you about. While we're talking about the TSP, let's address when your options become available. As a Postal employee, you have

one of two options available to you.

First, you can rollover your TSP into a private IRA with no tax consequence at separation or retirement. Most people are aware of this option. Unfortunately, many employees leave their TSP with the government because they are not happy with the government's options. If these employees had had adequate guidance, they would've found a multitude of fantastic options available to them in the private sector.

The second option to rollover your TSP to a private IRA will not apply to everyone. This option is only available for employees who are 59-1/2 or older and still working. At 59-1/2, an active employee can rollover

their TSP to a private IRA with no tax consequence and **continue contributing to the TSP and still getting a match if you are a FERS employee.** Many of these employees have their money in the G fund right now, earning less than 4%. There are tons of options out there that pay much more and offer the same protection and safety of the G fund.

It's unfortunate that this information has to come from a private company outside the government, but this is the reality of the new Post Office. The day the Postal Service sent Human Resources to Greensboro, NC you guys lost. Please take responsibility for the information you need to know, and reach out to get that information any way you can get it. Postal Benefits Group is here to serve you and bridge the gap created by losing your local HR. We look forward hearing from you and helping you understand more about your options and Federal benefit package.

I'll leave you with a quote we feel applies to every Postal employee in today's Postal Service:

"An investment in knowledge always pays the best interest."
Ben Franklin

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Editor's Note:

As a benefit to all Arkansas NAPUS members, we plan to publish an informational article from David Fielder of Postal Benefits Group in each issue of *The Arkansas Postmaster*. Those of you who attended the April State Convention at the Austin in Hot Springs, will recognize David

as the Federal Benefits expert who gave a presentation during Wednesday's business session and a very well-attended seminar on benefits on Thursday. David and one of his associates, Jay Davidson, stayed until 11:00 pm one night and for 3 hours after the State Convention ended, answering questions from convention attendees.

Some Area VPs are trying to schedule benefit seminars for postal employees in their areas with this knowledgeable group, so contact your Area VP if you are interested in attending a seminar in your area.