

## Become a TSP Wizard

By Tammy Flanagan

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Did you know that the Thrift Savings Plan has wizards? If you haven't borrowed from the TSP or applied for a withdrawal of funds, you might not know about these tools, which can help you navigate complex loan application and withdrawal request forms.

There are four different wizards to choose from. Two are for active participants:

- Financial hardship loan application
- Age-based in-service withdrawal

Two others are for separated participants:

- Partial withdrawal request
- Full withdrawal request

The wizards guide you through the process of filling out the required forms. After you've completed a form, you may be able to submit it electronically. (Sometimes you will be instructed to print the completed form to mail or fax your request to the TSP due to spousal consent requirements.) Either way, it makes sense to you the wizard to maximize your chances that your request will not be rejected. It is kind of like doing your taxes using an electronic program that makes sure that you get all of the deductions you are entitled to and you are aware of any recent changes to the tax code.

Many of the forms submitted to the TSP rely on optical scanner technology. Using one of the withdrawal wizards will ensure you're filling out the most up-to-date version of the form and the form is completed correctly.

The TSP also has a [YouTube channel](#) with a variety of helpful and very well produced video clips. [One of the videos](#) guides you through the process of filling out forms correctly. Others cover a host of additional topics. They're a great way to increase your understanding of how to make the TSP an important part of their retirement planning from day one. And most of the videos are five minutes or less.

There are also a variety of independently produced YouTube videos on the subject of the TSP. Some are very good, but others may have been produced by well-meaning but self-serving salespeople whose goal is to get you to withdraw your TSP balance to buy an annuity from them or to move your money out of the low-cost TSP and into a high-cost and possibly high-commission product. Be sure that if someone advises you to move your TSP to an Individual Retirement Account that they provide you with a balanced view of your options.

During a recent webinar, I was asked, "Why leave your money in TSP when exchange-traded funds and index funds are just as low in fees and easy to manage?"

ETFs and index funds do have low expenses, but generally not as low as the TSP. In 2013, the TSP's net expense ratio was .029 percent. This means that expenses charged to each TSP account were about 29 cents per \$1,000 of investment.

By comparison, according to a [Wall Street Journal personal finance guide](#), the average ETF has an expense ratio of 0.44

percent, meaning it will charge \$4.40 in fees for every \$1,000 invested. And the average traditional index fund costs 0.74 percent.

How does the TSP keep its expenses so low? Remember, its costs are spread over more than 4.6 million participants. Also, by law, the TSP Board is required to consider the cost of any change made to the TSP. The board members meet monthly to track the TSP's performance and to evaluate potential changes to the program.

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