

MQFP® Study Guide 1.9: Active-Duty Retirement Planning

Learning Objectives:

1.9 Active-Duty Retirement Planning

a. List and describe each of the TSP funds

Exercise 1: TSP Fund Description

Provide a detailed description of each of the Thrift Savings Plan (TSP) funds, including their investment objectives, risk levels, and historical performance.

b. Analyze and contrast TSP Lifecycle funds for a client situation

Exercise 2: TSP Lifecycle Fund Analysis

Analyze and contrast TSP Lifecycle funds based on a hypothetical client's age, risk tolerance, investment horizon, and retirement goals.

c. Describe the modes and limitations of TSP distributions

Exercise 3: TSP Distribution Modes and Limitations

Describe the various distribution options available from the TSP, including partial withdrawals, annuities, and required minimum distributions (RMDs). Explain any limitations or tax implications associated with each option.

d. Contrast the military's legacy ("High 36") retirement system to the blended retirement system (BRS) and calculate the expected retired pay under each system given a set of client circumstances

Exercise 4: Retirement System Comparison and Calculation

Compare the military's legacy "High 36" retirement system to the Blended Retirement System (BRS), considering factors like pension calculation methods and TSP contributions. Calculate the expected retired pay under each system for a client based on their years of service, rank, and pay.

e. Calculate TSP employer matching contributions under the BRS

Exercise 5: TSP Employer Matching Contributions

Calculate the TSP employer matching contributions under the Blended Retirement System (BRS) for a client based on their TSP contributions and the applicable matching percentage.

f. Summarize the automatic enrollment policy for BRS

Exercise 6: BRS Automatic Enrollment

Summarize the automatic enrollment policy for the Blended Retirement System (BRS) and explain its implications for newly enlisted service members.

g. Explain the BRS lump sum option and BRS continuation pay

Exercise 7: BRS Lump Sum and Continuation Pay

Explain the BRS lump sum option, including the conditions under which service members can receive a portion of their retirement pay as a lump sum. Describe BRS continuation pay and the requirements for eligibility.

Quiz: (Multiple Choice)

1. Which TSP fund primarily invests in government securities and is known for its stability and safety?

- a) C Fund
- b) S Fund
- c) I Fund
- d) G Fund

2. True or False: TSP Lifecycle funds are designed to maintain a fixed asset allocation throughout the investor's lifetime.

- a) True
- b) False

3. What are the main modes of TSP distributions available to participants?

- a) Partial withdrawals, life annuities, and required minimum distributions (RMDs)
- b) Full withdrawals and monthly payments

- c) Life annuities and TSP loans
- d) Required minimum distributions (RMDs) only

4. Under the Blended Retirement System (BRS), what percentage of a service member's basic pay can they receive as employer matching contributions?

- a) 3%
- b) 4%
- c) 5%
- d) 6%

5. True or False: Newly enlisted service members are automatically enrolled in the TSP with a 1% default contribution rate under the Blended Retirement System (BRS).

- a) True
- b) False

References:

- Thrift Savings Plan (TSP), Federal Retirement Thrift Investment Board: <https://www.tsp.gov/>
- Blended Retirement System (BRS), Military Compensation: <https://militarypay.defense.gov/BlendedRetirement/>

*Answer Key can be found at: <https://mqfp.org/study-guides/>