

CPAC'S QUICK FACTS

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Fort Riley

Civilian Personnel Advisory
Center

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New Roth Thrift Savings Plan (TSP) Investments

Starting 28 June 2012, eligible Army civilian employees now have the option of selecting to invest in the new [Roth TSP option](#), continue investing in their traditional TSP, or invest in a combination of both plans. This new investment option allows you to contribute on an after-tax basis to your TSP account and receive tax-free earnings when the funds are withdrawn (assuming certain criteria are met). Any agency contributions you receive will always be a part of your traditional (non-Roth) TSP balance. However, you may designate your own contributions any way you like depending on your individual tax circumstances. (**NOTE:** Money already in your account when you begin making Roth contributions will remain part of your traditional balance. You will not be able to convert it to Roth.)

The table below compares the treatment of these two different types of TSP contributions.

The Treatment of...	Traditional TSP	Roth TSP
Contributions	<i>Pre-tax</i>	<i>After-tax</i> ¹
Your Paycheck	<i>Taxes are deferred</i> , so less money is taken out of your paycheck.	<i>Taxes are paid up front</i> , so more money comes out of your paycheck.
Transfers In	<i>Transfers</i> allowed from eligible employer plans and traditional IRAs	<i>Transfers</i> allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
Transfers Out	<i>Transfers</i> allowed to eligible employer plans, traditional IRAs, and Roth IRAs ²	<i>Transfers</i> allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs ³
Withdrawals	<i>Taxable</i> when withdrawn	<i>Tax-free</i> earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased

¹ Roth contributions are subject to Federal (and, where applicable, state and local) income taxes, while traditional contributions are not taxed until withdrawn. However, both Roth contributions and traditional contributions are included in the amount of wages used to calculate payroll taxes (e.g., Social Security taxes).

² You would have to pay taxes on any pre-tax amount transferred to a Roth IRA.

³ Transfers to a Roth IRA from a Roth TSP are not subject to the income restrictions that apply to Roth IRA contributions.

The traditional versus Roth choice is a complex one so please watch the [Roth Introductory Video](#) and review all the TSP and Roth materials on the [TSP website](#) before electing TSP Roth to ensure that you understand how this option works. You may also want to consult a qualified tax or financial advisor to help you decide if the TSP Roth is right for you.

Army civilian employees can elect to make Roth TSP contributions the same way they have done previously by using the Army Benefits Center - Employee Benefits Information System ([EBIS](#)). Additionally, employees needing further assistance may visit the [Army Benefits Center - Civilian](#) website or by using their automated telephone system at (877) 276-9287.