



LCDR LARS E. KRUSHOLM

PT, DPT, OCS

- LCDR Krusholm graduated from PT school with an MSPT from Andrews University, Michigan. He later received his Doctorate of Physical Therapy from the Arizona School of Health Sciences/A.T. Still University and has been in practice within the physical therapy profession for over 29 years. He is a twice Board-Certified Orthopedic Clinical Specialist.
- LCDR Krusholm has nine years of service with the USPHS and over 15 years of active duty and reserve service with the U.S. Navy.
- Since 2017, he has served as a Health Systems Administrator and Director for Medical Professional Services at Tohono O'odham Nation Health Care. In this capacity, he coordinates administrative, procurement, human resources, finance, compliance and space planning needs within his branch of five hospital outpatient programs that provide specialty care services to underserved Native Americans of the Tohono O'odham Nation in Sells AZ.
- LCDR Krusholm was recently deployed on the Unaccompanied Children (UC) Mission, also known as Operation UC Artemis. He has numerous operations, logistics, finance and planning experience with his local Hospital Incident Command System. With the US Navy, he deployed aboard the USS Kitty-Hawk (CV-63) from 2004-2008.

A close-up photograph of a hand with red nail polish dropping a coin into a pink piggy bank. The background is blurred, showing a person's face. The text is overlaid on the right side of the image.

**Basic Financial Literacy:
TSP Investments (and
other strategies) for A
Secure Retirement:**

LCDR Lars E Krusholm PT, DPT, MSPT, OCS

Basic Financial Literacy and TSP review

Disclosure

- The views expressed in this presentation are those of the author's and do not represent any official policy or position any United States government agency.
- The TSP portion of this presentation is provided for informational purposes only. It is not intended to be used as an investment advisory tool or as a guarantee of the duration of elected monthly payment amounts.
- It is highly recommended that someone new to investing seek guidance from a fiduciary financial advisor or personal accountant. A professional who only works in clients interests and no one else.

Saving and Financial Planning

“To reach a port, we must sail, sometimes with the wind, and sometimes against it, but we must not drift or lie at anchor.”

Oliver Wendell Homes Jr. 1841-1935

**United States Supreme Court Justice and
Colonel Union Army during the Civil War**



Preface

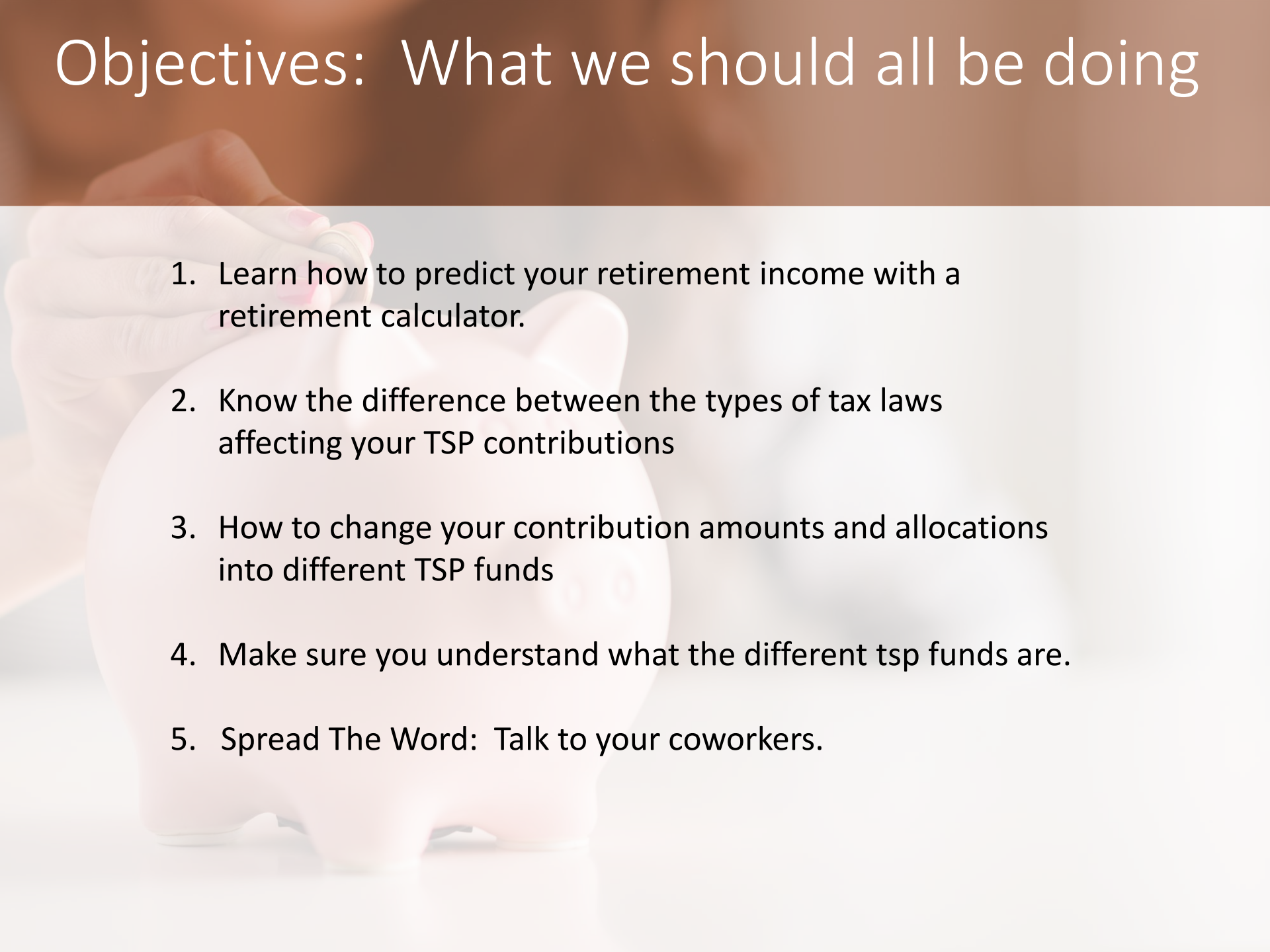
Did you know?

- It is estimated that 25% of the workforce has no retirement savings beyond Social Security.
- 45 million Americans will be retiring in the next 10 years with only \$120K (median number) offering only about \$1000 a month to live on.
- 75% of Americans have not calculated how much they need to retire.
- For the more fortunate, \$30 trillion dollars is about to transfer in wealth from Baby Boomers to Generation X and Millennials in the next decade, with large amounts of money likely headed for the U.S. stock market.¹
- The average retired person spends \$45,000 per year. According to the Bureau of labor and statistics.²

1. Source: <https://www.cnbc.com/2021/02/17/calculating-how-much-money-you-need-to-retire-comfortably.html>

2. Source: <https://www.bls.gov/opub/btn/volume-5/spending-patterns-of-older-americans.htm>

Objectives: What we should all be doing

- 
- A background image showing a hand dropping a coin into a piggy bank. The piggy bank is white and has a coin slot on its back. The hand is holding a coin and is in the process of dropping it into the slot. The background is a soft, out-of-focus light color.
1. Learn how to predict your retirement income with a retirement calculator.
 2. Know the difference between the types of tax laws affecting your TSP contributions
 3. How to change your contribution amounts and allocations into different TSP funds
 4. Make sure you understand what the different tsp funds are.
 5. Spread The Word: Talk to your coworkers.

Financial Rule of Thumbs

- Need ten times your income in savings by retirement age 67.(not including social security or pension)
- Upon retirement distributions from your TSP, A 4% annual withdrawal rate is a common suggestion to maintain a portfolio's size without depleting it too quickly.
- The expected rate of return for the index securities within the wider stock market is 7% (conservatively).

❖ Note: Stock **market returns since 1986 are impressive**: There is a return on investment of 3,819.20%, or **11.05%** per year.

Part 2: TSP

For new officers

The TSP Retirement System for the USPHS and the DOD:

THE BRS.



The Blended Retirement System

Defined



Contribution (TSP)

BRS incorporates a defined contribution retirement savings and investment plan, called the Thrift Savings Plan or TSP, that offers the same types of savings and tax benefits many private corporations offer their employees under 401(k) or similar plans. The TSP is the same defined contribution plan thousands of DoD and federal government civilians take advantage of for their retirement savings.

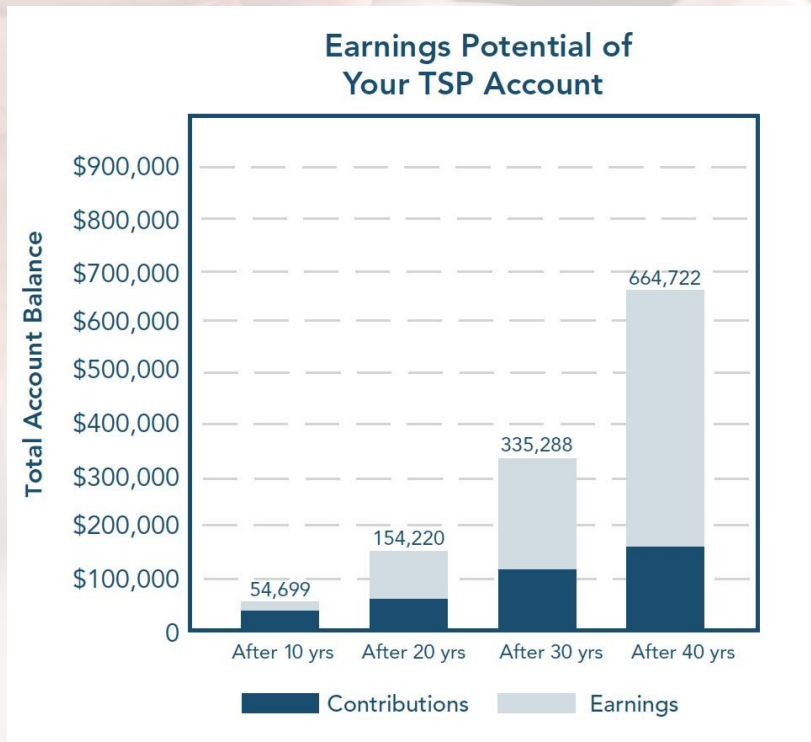
Agency/Service Contributions to Your Account (FERS and BRS Participants Only)

You put in:	Your agency/service puts in:		And the total contribution is:
	Automatic (1%) Contribution	Matching Contribution	
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
More than 5%	1%	4%	Your contribution + 5%

Learn more about BRS at <http://militarypay.defense.gov/BlendedRetirement>

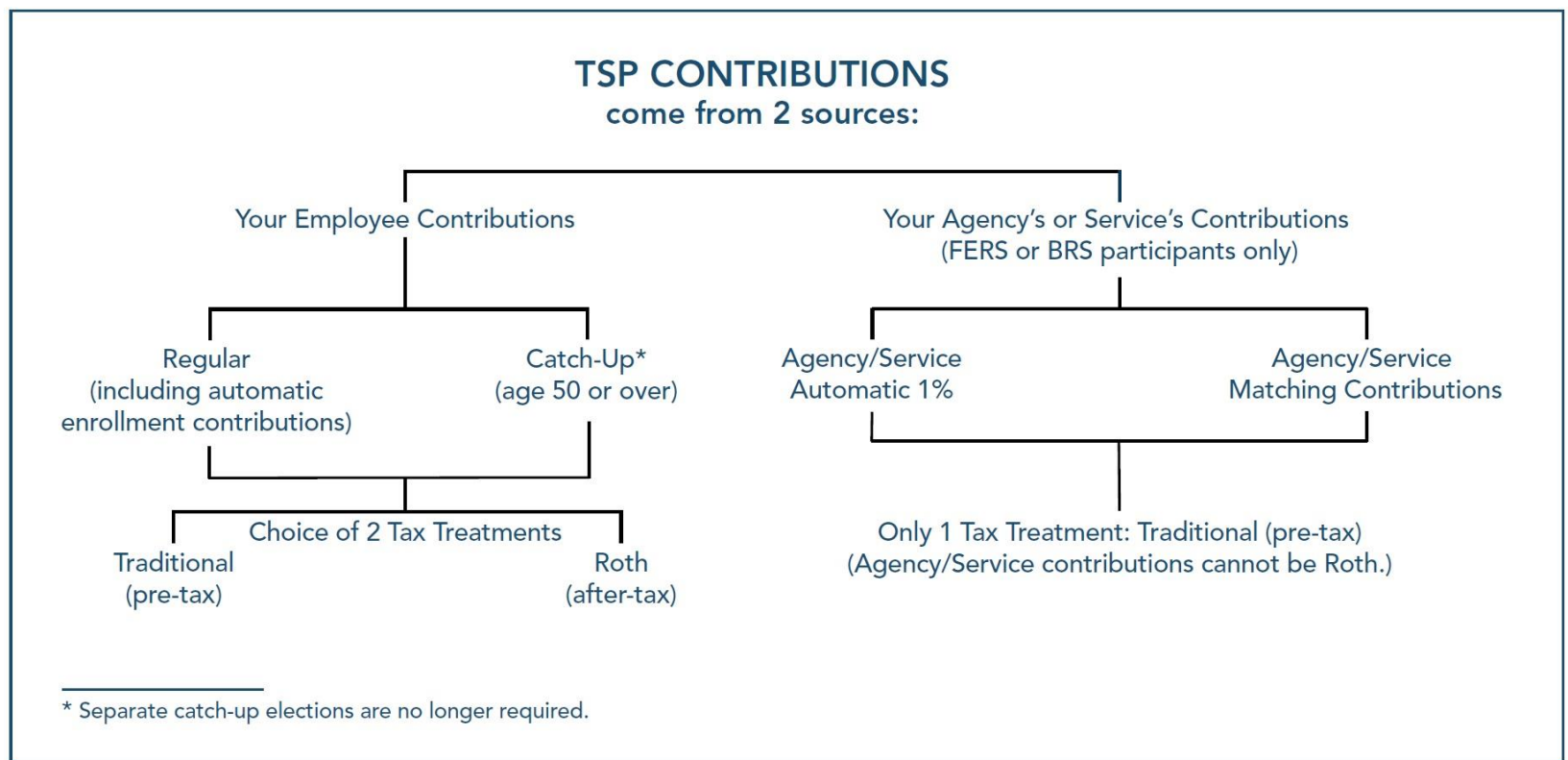
How does the TSP work?

Compounded interest



Source: A Summary of the TSP TSPBk08 (1/2021)

TSP CONTRIBUTIONS come from 2 sources:



How Much You Can Contribute

Limit Name	IRC	2021 Limit	2020 Limit
Elective Deferral Limit	b402(g)	\$19,500	\$19,000
Catch Up Contribution Limit	b414(v)	\$6,500	\$6,500

- The Internal Revenue Code (IRC) places a number of specific limits on the dollar amount of contributions you can make to the TSP. They are generally referred to as the “IRS Limits” because the IRS is responsible for calculating them each year. The annual limits can change and when they do, The TSP announces them to us on [tsp.gov](https://www.tsp.gov) and telephone thriftline as well as through various publications and electronic announcements.

Reference: <https://www.tsp.gov/bulletins/20-8/>

A Choice of Tax Treatments

- **Traditional TSP defers paying taxes on your contributions and their earnings until you withdraw them.**
- **Roth TSP- you pay taxes on your contributions as you are making them and get your earnings tax free upon withdrawal. (as long as you meet the requirements ie age)**
 - **If 5 years have passed since January 1 of the year you made your first Roth Contribution, AND, you are age 59 ½ or older, permanently disabled, or deceased (death benefit)**


TSP Tax Liability and Rollovers

- Important: When you withdraw your money from the TSP, you will owe taxes on any traditional contributions. But depending on the type of withdrawal (Age 59 ½) you can continue to defer the taxes by transferring the withdrawal payment to a traditional IRA (Individual Retirement account) or an eligible employer plan with 401K.
- You can transfer or roll over your traditional funds into a Roth IRA, but you will have to pay taxes on the full amount in the year of your transfer.

Taxes on Withdrawals (Traditional)

- You must pay income taxes on taxable portions of withdrawals (Traditional)
- Retain tax deferred status by transferring it to a traditional 401K, IRA or a Roth IRA or 401K if you pay the taxes on the transfer in the year it is made.

Withdrawals after you separate.

- Can leave in place
 - Withdraw all or a portion
 - TSP Installment Payments
 - Single Withdrawal
 - Annuity
- 
- A hand with pink nail polish is shown dropping a coin into a white piggy bank. The background is a soft-focus indoor setting with a window and a lamp.

IRS Required Minimum Distribution

A background image showing a hand holding a coin over a piggy bank, symbolizing savings or retirement.

- Once you reach age 72, the IRS requires you to make minimum distributions (withdrawals).
- There are rules that determine how much you must take out each year based on your life expectancy. TSP will contact you if this applies to you.

The TSP Funds

G Fund- Government Securities, aka dollars and bonds.

C Fund- Common Stock Fund, resembles the S&P 500 and the Dow Jones Industrial.

I Fund-International Fund, foreign securities like Toyota, Volkswagen, Novordisk, Huawei, etc.

S Fund- Small Cap stocks, smaller corporations with regional impact such as utility stocks , local/regional electric gas companies, corporations with smaller market share. New companies. Small Businesses.

L Funds (Lifecycle) Mixture of Government Securities (G fund) and common staock, vs Bonds.

(G) FUND

- The Government Securities Fund (G-Fund)
 - Short Term US Treasury Securities
 - T bills
 - Treasury Notes
 - Treasury Bonds
 - Treasury Inflation Protected Securities

❖ This is the default fund you must change

(F) FUND

- The Fixed Income Investment (F) Fund
- Follows the Bloomberg Barclays U.S. Aggregate Bond Index
- Represented by U.S. Govt, mortgage backed, corporate and foreign govt sectors of U.S. bond market

**Generally speaking, not advantageous during periods of inflation.*

(C) FUND

- The Common Stock (C) Fund
- Tracks the Standards and Poor 500 (S&P 500) Stock index
- A market index made up of the stocks of the 500 biggest large to medium size U.S. companies.
- * *Offers opportunity to earn the higher investment returns associated with equity investments (ie stocks).*

(S) FUND

- The Small Capitalization Stock Index Investment
 - Tracks the Dow Jones US Completion Total Stock Market (TSM) Index.
 - Made up of small and medium sized companies not included in the S&P 500.
- * *Higher volatility “small caps” stocks.*

(I) FUND

- International Stock make up the Index **(I) Fund**
 - Tracks the MSCI EAFE (Europe, Australia, Far East)
 - Broad index made up of large companies in more than 20 developed nations.
 - Allows for global equity exposure.
- * (Doesn't include any developing nations, ie China)*

(L) FUNDS

- The L Funds- These are “Lifecycle” funds that are invested according to a professionally designed mix of stocks, bonds, and government securities. You select your L fund based on your “Time Horizon”, the future date you wish to start withdrawing your TSP money. You may do this as soon as you leave or further in the future.

The L Funds (cont)

- Each L fund is a mix of the 5 individual TSP funds. The mix is chosen by experts based on each fund's time horizon and designed to achieve the highest expected rate of return for the amount of risk taken
- If the time horizon is a long time from now, the selected L fund will be more exposed to risky assets, such as stocks in the C, S, F, and I funds.
- As time horizon shortens, allocations shift gradually toward less volatile G Fund securities

Comparison of all the TSP Funds

Comparison of the TSP Funds

The chart below provides a comparison of the available TSP funds. For more detailed information about each fund, see the [TSP Fund Information sheets](#) at [tsp.gov](#).

	G Fund	F Fund*	C Fund*	S Fund*	I Fund*	L Funds**
Description of Investments	Government securities (specially issued to the TSP)	Government, corporate, and mortgage-backed bonds	Stocks of large and medium-sized U.S. companies	Stocks of small to medium-sized U.S. companies not included in the C Fund	International stocks of more than 20 developed countries	Invested in the G, F, C, S, and I Funds
Objective of Fund	Interest income without risk of loss of principal	To match the performance of the Bloomberg Barclays U.S. Aggregate Bond Index	To match the performance of the Standard & Poor's 500 (S&P 500) Stock Index	To match the performance of the Dow Jones U.S. Completion TSM Index	To match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index	To provide professionally diversified portfolios based on various time horizons, using the G, F, C, S, and I Funds
Risk (See page 12)	Inflation risk	Market risk, credit risk, prepayment risk, inflation risk	Market risk, inflation risk	Market risk, inflation risk	Market risk, currency risk, inflation risk	Exposed to all of the types of risk to which the individual TSP funds are exposed—but <i>total</i> risk is reduced through diversification among the five individual funds
Volatility	Low	Low to moderate	Moderate	Moderate to high	Moderate to high	Asset allocation shifts as time horizon approaches to reduce volatility
Types of Earnings***	Interest	Change in market prices Interest	Change in market prices Dividends	Change in market prices Dividends	Change in market prices Change in relative value of currency Dividends	Composite of earnings in the underlying funds
Inception Date	April 1, 1987	Jan. 29, 1988	Jan. 29, 1988	May 1, 2001	May 1, 2001	August 1, 2005

Summary of Benefits to using the TSP

Choice of tax treatment for contributions

---Traditional (Pretax) Contributions and tax deferred investment earnings

---Roth (after tax) contributions with tax-free earnings at retirement if you satisfy IRS requirements.

- Automatic payroll deductions
- Diversified investing options and professionally designed Lifecycle Funds.
- Low administrative and investment expenses
- Agency service matching contributions
- Circumstantial access to your money while still employed by the government
- Beneficiary participant account for spouse in case of your death
- Variety of withdrawal options

For more information on the TSP

- TSP Website (tsp.gov)
- Thriftline (1-877-968-3778)
- Account management
 - TSP account numbers
 - User ID
 - Web password
 - Thriftline Personal Identification (PIN)

Part 3 "Risk"

FRIDAY, OCTOBER 25, 1929.

THE MOST BEAUTIFUL STORE IN THE WORLD
L. ROUFFY
TROUSSE AUX LINGERIE
LAYETTES CHILDREN'S DRESSES
130 Avenue des Champs - Elysées PARIS

Daily Mail
CONTINENTAL EDITION

Two Fingers Suffice to open the NEW DUNHILL WATCH
On sale throughout France
15, RUE DE LA PAIX, PARIS

GIVING ALL THE NEWS MANY HOURS IN ADVANCE OF ANY OTHER ENGLISH JOURNAL CIRCULATING ON THE CONTINENT.

Subscription (France): 1 month 25.00 -- 3 months 75.00 -- 6 months 150.00 -- 1 year 300.00
Other Countries: 1 month 40.00 -- 3 months 120.00 -- 6 months 250.00 -- 1 year 500.00

Paris (24), 36, Rue de Valenciennes. Telephone: Central 12-49 & Central 76-49. No. 11,650. PRICE (France): ONE FRANC.

GREATEST CRASH IN WALL STREET'S HISTORY

DELUGE OF PANIC SELLING OVERWHELMS MARKET

19,000,000 SHARES CHANGE HANDS

PRICES TUMBLE LIKE AN AVALANCHE

GREAT FILM FIRE AT HOLLYWOOD
MILLIONS OF DOLLARS OF DAMAGE DONE IN LABORATORY OUTBREAK.
NEGATIVES DESTROYED.
MAN KILLED AND LARGE BUILDING SHATTERED BY FORCE OF

ATTEMPT TO KILL PRINCE HUMBERT
BETROTHAL DAY DRAMA
SHOT AT BY SOCIALIST

SEARCH FOR NEW FRENCH PREMIER
LEADER OF RADICAL-SOCIALIST PARTY RECEIVES CALL TO ELYSEE.

By THE DIPLOMATIC CORRESPONDENT
PRESIDENT Doumergue has not yet chosen the politician who is to become French Prime Minister in succession to

An attempt was made to murder the Prince of Piedmont, heir to the Italian throne, in Brussels yesterday—the day on which the Minister of National Defence while he inspected the guard of honour. As he very slowly mounted the stone steps of the square to reach his car I waved my hand and shouted "Viva Savoie." He turned and acknowledged

The 1929 stock market crash



Risks to the Stock Market and the TSP Funds

- Credit Risks
 - Currency Risks
 - Inflation Risks
 - Market Risks
 - Prepayment Risks
- 
- A hand with pink nail polish is shown dropping a coin into a white piggy bank. The piggy bank is in the foreground, and the background is a blurred office setting with a person in a white shirt.

5 big risks for personal savings.

#1 **Withdrawing big early in your retirement.**

#2 **Not recognizing Inflation Risk.**



Examples of inflation: The one hundred trillion-dollar bill.

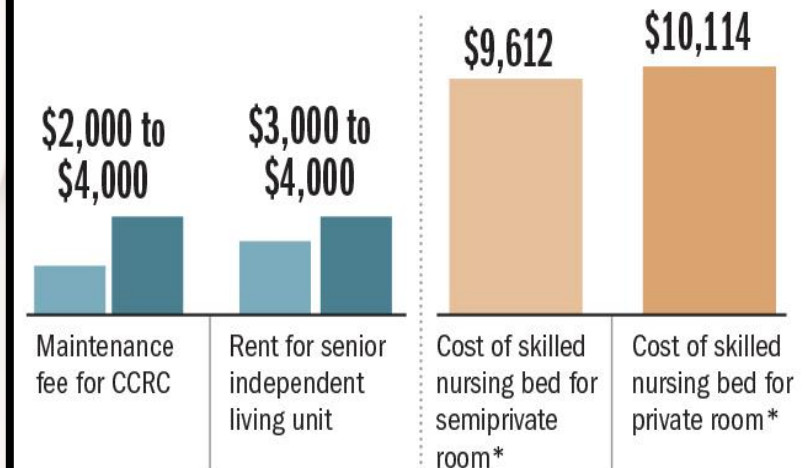
5 big risks for retirement you should be preparing for now.

#3 Underestimating Health Costs



Cost of senior care

Senior long-term care includes a variety of housing and care options. Continuing-care retirement communities contain all senior living options, which residents use as needed. In Pennsylvania, the average entry fee for a continuing-care retirement community is \$329,000. Here are some additional average monthly costs:

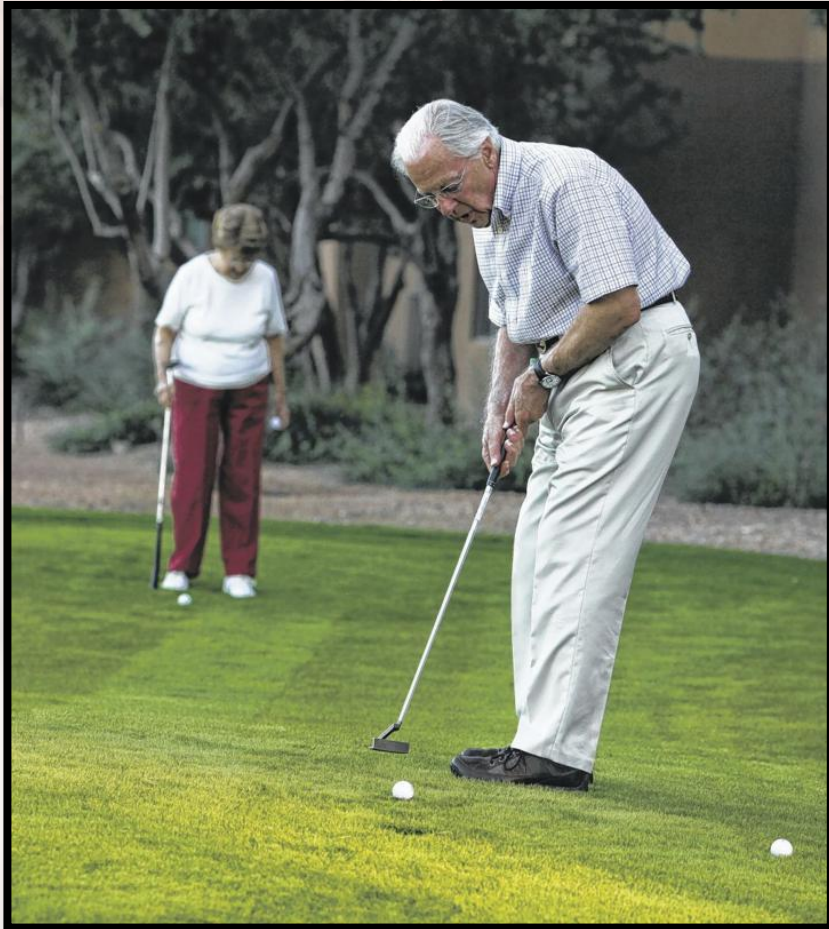


*Costs are for Pennsylvania nursing homes

Sources: CBRE Inc. and seniorliving.org

Post-Gazette

5 big risks for retirement you should be preparing for now.



#4 Outliving your assets.

5 big risks for retirement you should be preparing for now.

#5

Failing to plan for taxes




Department of the Treasury
Internal Revenue Service

TSP Recommends managing your account with following guidelines

- Consider both Risk and Return
- Be comfortable with how much risk you need to take (Know how much you can afford to lose)
- Diversify your investments
- Tailor your risk to your investment time horizon.
- Periodically review your investment choices to rebalance your account to get the allocation you need.

Other investments- It's a long list

- 
- A background image showing a hand holding a piggy bank, symbolizing savings and investment. The piggy bank is white and has a coin slot on top. The hand is positioned as if about to drop a coin into the slot.
- IRAs
 - Stocks securities
 - Bonds
 - Futures
 - CDs
 - Annuities
 - ETFs
 - Mutual funds
 - 529 plans
 - Digital currencies
 - Gems and minerals
 - Gold and precious metals
 - Options
 - Forex currency markets
 - Cash management
 - Managed portfolios
 - **529** Health savings accounts
 - Life insurance
 - Real estate
 - Collectibles, memorabilia (Beanie babies, Topps baseball cards, sports jerseys)
 - Non-Fungible Technology (ex. The original first twitter “tweet”)
 - Fine art
 - Anything that will appreciate in value

Other strategies to improve financial security

A close-up photograph of a hand with pink nail polish dropping a coin into a white piggy bank. The piggy bank is in the foreground, and the hand is positioned above it. The background is blurred, showing what appears to be a window or a bright light source.

- Pay down your debts
- Purchase a home
- Spend wisely and save as much as you can when you are young
- Avoid buying on credit whenever possible.
- Take advantage of student loan repayment plans with private or federal aid.

Part 4: Fiduciary

- How do you know a financial planner, tax attorney, CPA or other financial advisor is a fiduciary?
 - ❖ Assertion in writing that they are indeed a fiduciary
 - ❖ Must disclose any conflicts of interest.
 - ❖ Offer Prudent Advice
 - ❖ Charge Reasonable Fees
 - ❖ Act with undivided loyalty in your best interest.
 - ❖ Disclose why rolling money into an IRA is in your best interest.

Fiduciaries continued

- **Personal Financial Management Services available at**
- <https://www.militaryonesource.mil/financial-legal/>
- You'll need to scroll to the bottom of this govt DOD website and click on “Personal Financial Management Services from the Drop down menu and then do a search on the list of installations.

Retirement Calculators

- AARP : https://www.aarp.org/work/retirement-planning/retirement_calculator.html
- USAA Deferred Annuity Calculator:
[https://www.usaa.com/inet/wc/insurance annuities_calculator](https://www.usaa.com/inet/wc/insurance_annuities_calculator)
- USAA Immediate Annuity Calculator:
<https://www.usaa.com/annuities/immediate-annuity-calculator/>

The Hi -36 Calculation (TSP Calculator)

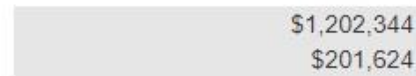


Total Retirement Benefit



\$2,776,469

Present Value*



\$1,403,968

BRS Calculation (TSP Calculator)



Continuation Pay at 12 years service \$20,166.75

Total Retirement Benefit

\$1,253,538	Pension (2%)
\$1,197,903	Gov TSP Contributions
\$1,214,902	Service Member TSP

\$2,468,440

Present Value*

\$1,007,093	Pension (2%)
\$588,398	Gov TSP Contributions
\$596,748	Service Member TSP

\$2,192,239

Additional Resources

JOAG Finance Presentation: Talking Smart Cents: Financial Planning Discussion

Saturday, August 28, 2021: Alaska Region

Time: 15:00 - 16:00 EST

Topic: Talking Smart Cents: Financial Planning Discussion

Speaker(s): LCDR Christopher Chong, cchong@southcentralfoundation.com

Contacts (AK): LCDR Christopher Chong (cchong@southcentralfoundation.com)
LCDR Christy Pierce (cpierce1@anthc.org)

Join Zoom Meeting:

<https://us04web.zoom.us/j/6435031260?pwd=cHV3Zm82aTJyYlgrcG1WbVZDc3p4Zz09>

Meeting ID: 643 503 126

Passcode: 2x8bLC

Join by phone:

Phone number: 907-729-4900

Passcode: 1203

DOD Financial Readiness

Investment Basics

1. Buying Stocks & Bonds

<https://fb.watch/7okWso3rF4/>

2. Balancing Risk & Returns

<https://fb.watch/7ok-2J9mSf/>

3. Military Touchpoint Series: Matching Contributions

[https://fb.watch/7ol1BsiYA /](https://fb.watch/7ol1BsiYA/)

4. When to Save and When to Invest

<https://fb.watch/7okZtfRDNe/>

5. Navigating the Ups and Downs of the Stock Market

<https://fb.watch/7olrYe0dNs/>

6. How Do Investments Make Money?

<https://fb.watch/7olAMXmkQZ/>



QUESTIONS?