Growing your Thrift Savings Plan account (and making it last)

Giving your money the potential to earn more money by itself is the most powerful advantage of investing. **Compounding—when your investments accumulate earnings on earnings on earnings** (and so on over time)—is how investing can grow your Thrift Savings Plan (TSP) savings exponentially so that you have what you need for a comfortable retirement.

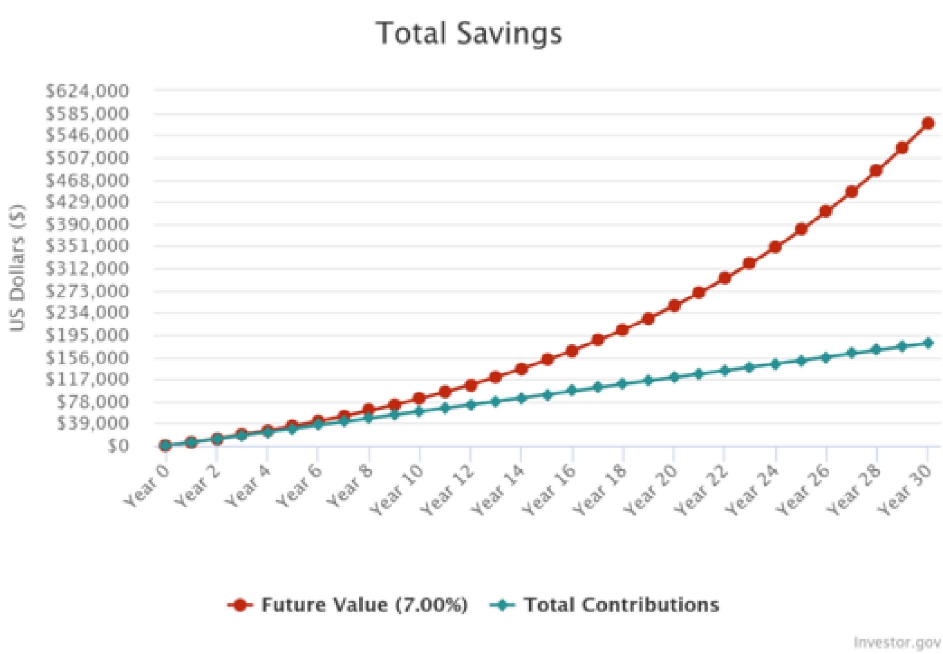
Calculate compounding

There are three decisions that'll have the greatest effects on how much your TSP savings can earn and how long your money will last in retirement:

1. your contribution and withdrawal amounts
2. how long you invest your money
3. your choice of investment funds, which determine your rate of return

To get an idea of how your choices can affect your savings, you can use a compounding calculator like the one from the Securities and Exchange Commission (SEC) on investor.gov (search for "Compound Interest Calculator").

As an example for the calculator, let's say you've just started your federal career with an annual salary of $60,000. If you contribute 5% of your salary to the TSP and get your 5% employer match, that means $500 goes into your TSP account each month. To keep this estimate simple, let's assume your salary and contributions stay the same for your 30-year career. With a diversified portfolio of low-cost funds, like the TSP L Funds, and a 7% estimated rate of return (called "interest rate" in the calculator), **you would have more than $500,000 dollars in your TSP account after 30 years**!



To learn more about compounding and other investment strategies, visit tsp.gov/investing-strategies.