

TSP vs. IRA

Which option will help you reach your goals?

As you move into retirement, your priorities may include investment choice, income flexibility, tax planning, estate considerations, and a portfolio that can adjust as your needs change.

The TSP and an IRA approach those needs differently. The real question is, **what matters most to you?**

IF THIS MATTERS MOST	ROLLOVER TO AN IRA	STAY IN THE TSP
Investment Options	✓	! Only 5 Core Funds
Flexible Distributions	✓	! Limited Distribution Options
Tax Planning Control	✓	
Estate Planning	✓	
Investment Simplicity	! Advisor Assisted	✓

Understanding your options.

01 Roll over to an IRA

+ ADVANTAGES

The whole market, not a menu.

An IRA opens thousands of mutual funds, ETFs, individual stocks, and bonds — so the portfolio can follow your plan, not a fixed lineup.

More control over withdrawals

Customize how and when distributions are taken, including scheduled withdrawals.

Roth conversion opportunities

Flexibility to convert traditional IRA funds to Roth IRAs strategically.

One account, one strategy

Consolidating the TSP with old 401(k)s and existing IRAs makes the whole picture easier to rebalance and draw income from.

Fiduciary advisor access

Working with an advisor who can manage a portfolio tailored to you.

– TRADE-OFFS

Potentially higher fees

Investment management and fund fees can vary.

Weaker creditor protection

The TSP has stronger protection from creditors relative to IRA's. *Not applicable until statutory floor is met.*

More complexity

More investment choices can lead to decision fatigue or missteps without guidance.

02 Leave it in the TSP

+ ADVANTAGES

Low Fees

TSP offers some of the lowest administrative fees in the retirement industry.

Simple by design

Five core funds and Lifecycle funds reduce the number of choices you have to choose from.

Protection by federal statute

TSP is a federal plan and generally provides better protection from creditors than IRAs.

Access to special features

You may retain eligibility for certain features if you are classified under special provisions.

– TRADE-OFFS

Five funds is the entire menu

Cannot invest in individual stocks or a broader range of mutual funds.

Withdrawals come out pro rata

Funds are withdrawn proportionally across all investments—you can't pick individual holdings to pull funds from.

Distribution mechanics have limits

Slower withdrawal & fewer withdrawal strategies than many IRAs.

Estate planning constraints

The TSP lacks advanced estate planning features such as inherited IRAs for non-spouse beneficiaries and detailed beneficiary payout customization. This may reduce control over how assets are passed on.

Simplifying the details.

Most TSP-versus-IRA decisions come down to the eight areas of consideration below.

For many retirees, a few of these factors will outweigh the rest.

	IRA	TSP
Investment choice	Full market — funds, ETFs, individual stocks and bonds.	Five core funds plus the Lifecycle Funds.
Raising income	You choose which holdings to sell, and when.	Pro rata across every core fund you hold.
Cost	Fund expenses plus any advisory fee — can vary.	About 4–5 basis points in net administrative expense.
Access before 59½	10% penalty unless a 72(t) schedule applies. <i>Some exceptions apply.</i>	No penalty if you separated at 55+ (50 or 25 years, public safety).
Roth conversions	Unlimited in number and amount, any time.	Permitted in-plan since Jan. 2026; 26 per year, \$500 minimum.
Creditor protection	Rolled-over assets fully protected in bankruptcy; other claims follow state law.	Protected by federal statute regardless of state.
Spousal beneficiaries	Spouse may treat it as their own IRA with added distribution flexibility.	Spouse receives a beneficiary participant account, with distributions subject to TSP rules.
Non-spousal beneficiaries	Inherited IRA, distributions spread across ten years.	90 days to move it to an inherited IRA, or it is paid out and taxed in same year.
Ongoing advice	An advisor can manage the account directly for you.	Not available inside the plan.

THE QUESTIONS UNDERNEATH ALL OF IT

What do you want *control* over?

AN IRA ROLLOVER USUALLY FITS WHEN...

- You want a portfolio built around your income plan rather than five funds.
- You will be drawing income and want control over which assets get sold.
- You want to leave a tax-efficient inheritance.
- Your plan needs to consider your spouse's retirement.
- You want a fiduciary managing the money alongside your FERS annuity and Social Security.
- You still want to contribute towards retirement.

STAYING IN THE TSP USUALLY FITS WHEN...

- You will need withdrawals before age 59½ and separated at 55 or later.
- You want minimal fees and don't want ongoing management.
- You are comfortable with the L Funds and want nothing to maintain.
- You live in a state with weak IRA creditor protection and expect exposure.

THE NEXT STEP

Walk through it with a financial advisor who knows federal benefits.

The right answer depends on your age at separation, income needs, tax picture and what you want to leave behind.

We'll help you compare your options and guide you through the decision.

SCHEDULE YOUR CALL

877-226-2723

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