

Thrift Savings Plan and Savings Deposit Program

Podcast Transcript

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Saving money is not always easy to do, but the military does offer you two programs to make saving easier.

The first plan, known as the Thrift Savings Plan, is a retirement savings plan for both federal employees and members of the uniformed Services, including Guard and Ready Reserve members. The Thrift Savings Plan does not replace your military retirement, but rather is an excellent opportunity for you to supplement your retirement income. It provides you similar saving and tax benefits as private-sector 401(k) plans. The Thrift Savings Plan is a defined contribution plan, meaning that the amount of retirement income available to you from your Thrift Savings Plan account will depend on how much you contribute to your account while you are an active member of the uniformed Services and the earnings your contributions accumulate over time.

Participating in the Thrift Savings Plan offers you the opportunity to significantly increase your retirement income, but starting early is important. Beginning contributions as early as possible gives your account more time to increase in value, not only because you may have a longer time horizon during which to contribute, but also through the value of compound earnings.

To enroll in the Thrift Savings Plan, most service members will be able to make a contribution election using their Service's electronic system (eg. myPay). If your Service does not have an electronic system, you will need to submit a paper request, Form Thrift Savings Plan-U-1, Election Form. For additional information or to obtain the form that must be submitted directly to your Service's military pay and finance office, please visit www.thriftsavingsplan.gov.

The second plan is known as the DoD Savings Deposit Program, or SDP. If you're getting ready to deploy to a combat zone, you can build your financial savings quickly through this program. Under the SDP, you can deposit up to ten thousand dollars into an account that earns ten percent interest throughout the deployment and continues to earn interest for an additional ninety days once you've returned home. Deposits may be made in cash, by check, or through an allotment. Once started, allotments may be increased or decreased as your financial situation changes.

You can start your SDP account once you've been deployed for a minimum of thirty consecutive days or at least one day in each of three consecutive months, and you must be receiving Hostile Fire Pay. Once you open an account, you cannot close the account until you have left the combat zone. If you contribute to the SDP through an allotment, your allotment will stop once you leave the combat zone. One hundred and twenty days after you leave the combat zone, your account will be closed and all funds will be returned to you through direct deposit. Any military finance office in theater can help you establish an SDP account and assist you in setting up the deposit method most convenient for you.

More information on the SDP can be found on the Defense Finance Accounting Service (DFAS) website at <http://www.dfas.mil>. You can also contact the SDP staff toll-free within the United States at 1-888-332-7411, by DSN at 580-5096, or by email at CCL-SDP@dfas.mil.

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For more information, visit Military OneSource at <http://www.militaryonesource.mil>, an official Department of Defense website.