Financial planners

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What is a term used to describe deceptive marketing, fraud or scam? The answer: snake oil. The Retirement Department has long warned—via *The Postal Record,* at conventions and on the workroom floor—about snake oil salespeople. But more work remains. This article should serve as another reminder for those nearing retirement or having retired, and considering what they should do with their funds in the Thrift Savings Plan (TSP).

Not all financial planners are snake oil salespeople, of course, but most snake oil salespeople refer to themselves as financial planners. Before letter carriers move sums of money to a new financial planner or institution, they should seriously consider what the new financial planner or institution stands to gain.

Because stockbrokers, financial planners, life insurance purveyors and other securities salespeople are not required by law to make investment decisions in your financial interest, they can and do make decisions with your money that are not always in your best interest. Understanding how the financial planner benefits from your business is critical. Several questions, when answered in writing and signed by the salespeople, will help give one the necessary information to make an informed decision. These questions are:

- What is the average net expense I will pay for every $1,000 invested?
- What additional annual fees, commissions or charges will I pay for investments?
- What profit do you make if I invest with you?
- Do you have a responsibility (fiduciary obligation) to put my interest ahead of your own?
- Will your plan protect my retirement funds from creditors' claims?
- When I retire, can I receive a series of scheduled withdrawals without giving up control of my account?
- Can I change my investments or take withdrawals without being subject to surrender fees or back-end charges?

Of course, when making a decision to withdraw your money from the TSP, you also should consider the benefits of remaining in the TSP. A primary consideration related to any fund is the cost. The TSP has long had some of the lowest expense rates. Although the costs have increased slightly over the years, and more competitors are catching up and offering similarly low-expense ratios, the TSP remains a good deal and worth consideration. Currently, the total expense ratios for the G, C, I, F, and S funds are at 0.057 percent, 0.059 percent, 0.064 percent, 0.078 percent and 0.090 percent, respectively.

The ability to make and change withdrawals, as well as the question of what happens to your account upon death, are other important considerations. The TSP allows partial and total withdrawal, the purchase of annuities, and automatic withdrawals (or installments). Upon a death, the TSP follows the statutory order of precedence by default, but participants can always designate specific beneficiaries.

Carriers should be on alert if you receive a solicitation at your post office by a financial planner or salesperson. This could be a letter addressed to you at the office, a telephone call, or even worse, an in-person solicitation. Apparently, some supervisors are persuaded or think it's OK to allow outside solicitors and salespeople onto the workroom floor to pitch their financial planning. Do not be fooled into thinking that they are selling a postal-approved plan or service. In fact, this type of outside solicitation is prohibited in the *Postal Operations Manual (POM). POM* Section 124.54 states in part:

> **124.54 Soliciting, Electioneering, Collecting Debts, Vending, and Advertising**
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> These regulations apply to the following activities:
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> a. ... commercial...soliciting...(and) the display or distribution of commercial advertising... on postal premises...are prohibited.
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> c. Solicitations and other actions that are prohibited by 124.54a when conducted on Postal Service property should not be directed by mail or telephone to postal employees on Postal Service property. The Postal Service will not accept or distribute mail or accept telephone calls directed to its employees when such contacts are believed to be contrary to 124.54a.

I'd like to remind all active employees, whether freshly converted to career, already seasoned, or even on the verge of retirement, to contribute to your TSP. Everyone should be sure to contribute at least 5 percent to receive the maximum matching contributions from the Postal Service. Contributing as much as you can and as early as possible will allow compounding interest to work its miracle.

Additionally, the contribution limit for the TSP will once again increase. In 2024, the limit will increase by $500 to $23,000, while the catch-up contribution limit will remain at $7,500.