Withdrawing Your TSP Account

After Leaving Federal Service

Single Payment ◆ Monthly Payments ◆ Life Annuities

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Introduction

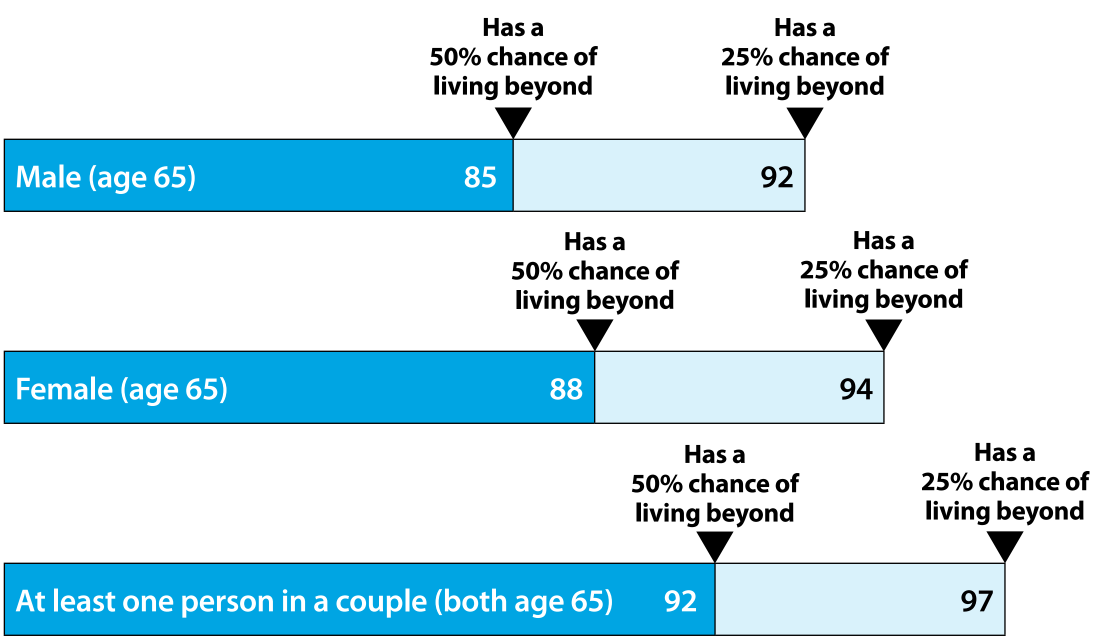
After you leave Federal service, you will need to consider your options for your Thrift Savings Plan (TSP) account. This booklet describes the choices that are available to all separated participants—Federal civilian employees and members of the uniformed services. You will find information about the withdrawal process, the rules that govern withdrawals, and the tax implications of each withdrawal option. If you are a beneficiary participant,[1] refer to the TSP booklet *Your TSP Account: A Guide for Beneficiary Participants* for information about taking a withdrawal from your beneficiary participant account.

Whether you are separating from Federal service to start a new career opportunity or whether immediate retirement is your objective, before you make a decision about your TSP account, we recommend that you consider how your decision may impact your future retirement needs. For example, if you are not ready to retire and are considering using the money in your TSP account for purposes other than your future retirement needs, you should consider the tax implications and whether you will have enough retirement savings when you are ready to retire. Alternatively, if you are retiring, you should think about when you will actually need the money in your TSP account and whether the withdrawal choice(s) you make will provide enough income throughout your retirement years.

Americans are living longer today than at any other time in history. Improved nutrition, breakthroughs in the fight against life-threatening diseases, and healthier, more active lifestyles are all contributing to our nation's unprecedented longevity—and life expectancy is likely to continue to increase. When people use life expectancy estimates to determine how much money they will need for their retirement, they usually think of "life expectancy" as an estimate of how long they are likely to live. However, it is actually a measure of how long people live on average.

Life Expectancy for a 65-Year-Old Person

The chart below shows that an individual who has lived to age 65 has a substantial life expectancy. Also, when an individual is part of a couple, the likelihood of at least one member of the couple living beyond age 90 is substantial. So when considering your retirement needs, think beyond the average. This is particularly important if you have a family history of longevity, are in good health, and maintain a healthy lifestyle.



Source of chart: Metropolitan Life Insurance Company (MetLife), based on Annuity 2000 Mortality Tables from the Society of Actuaries

[1] A beneficiary participant is a spouse beneficiary of a deceased civilian or uniformed services TSP participant who has an account established in his or her name.

Questions to Ask Before Withdrawing Your Account

Given that you may need your retirement savings into your 90s, here are some questions you should ask yourself before deciding to withdraw your TSP account.

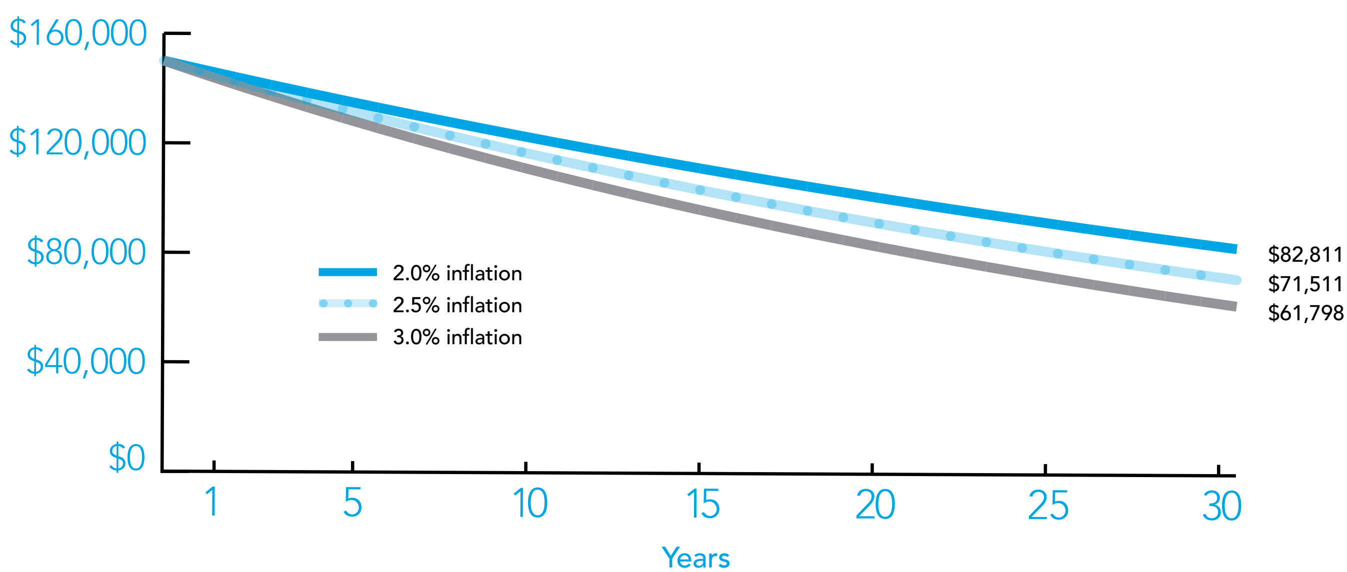
- When should I begin withdrawing my money?
- How much do I think things will really cost during my retirement?
- Will I have enough income to cover my expenses after I retire?
- Will my retirement savings last for my whole life?
- Do I need to provide income for my dependents/heirs?

Because of inflation, the goods and services you buy today will probably cost you more in the future. Once you are living on a fixed income, increases in the cost of living can make meeting even the most basic expenses challenging. According to the Bureau of Labor Statistics' CPI Inflation Calculator, what you could purchase with roughly $3,650 in 1980 would have cost you nearly $10,000 thirty years later. It is easy to see why the effects of inflation are so damaging for retirees living on limited incomes.

Even a relatively low rate of inflation can have a significantly diminishing effect on the purchasing power of your retirement savings. The chart below shows how your account may be affected by seemingly modest inflation. Suppose that the value of your account thirty years from now is $150,000. An inflation rate of 2% per year would reduce that $150,000 to the purchasing power of only $82,811 today. Notice that the higher the average rate of inflation, the less purchasing power you'll have.

It's important to estimate the amount of money you need to put aside for retirement in order to maintain your pre-retirement standard of living. Financial advisors typically refer to this calculation as a retirement income replacement ratio, or the percentage of your pre-retirement income that you need in retirement. Experts will often recommend a range of numbers, but each person's situation is unique. You also want to be careful that you do not withdraw too much money from your retirement account each year. Many retirees do and risk spending their savings too quickly. To avoid running out of money in retirement, planners often recommend withdrawing no more than 4% of your retirement savings during your first year of retirement and adjusting that amount annually for inflation.

Decline in Purchasing Power Over 30 Years



Tailoring Your Withdrawal Decisions to Your Personal Needs

There are other factors besides life expectancy that you should take into consideration when making your withdrawal decisions. For example:

- What additional sources of income will you have outside of your TSP account?
- Will you be paying off a mortgage during your retirement?
- Do you expect to work full- or part-time after separating from service?
- Will you be moving to an area where your expenses will be significantly higher or lower than they were where you lived before you retired?

> Everyone's withdrawal choices will be based on different circumstances. The important thing is to make sure your decisions are well-informed and carefully thought through. The TSP has online calculators available on its website to help you. Visit www.tsp.gov and select Planning & Tools.

Leaving Your Money in the TSP

When you separate from service, you can leave your entire account balance in the TSP if it is $200 or more and continue to enjoy tax-deferred earnings and the plan's low administrative expenses.[2] Once you separate, you will no longer be able to make employee contributions. However, you can transfer eligible money into your TSP account from IRAs and eligible employer plans. (See the Glossary of Terms, page 17.) Your account will continue to accrue earnings, and you can continue to change the way your money is invested in the TSP investment funds by making interfund transfers.

[2] If your vested account balance is less than $200 after your agency or service reports that you have left service, your balance will be automatically paid directly to you in a single payment (i.e., cashout). You will not be eligible to make any other withdrawal election, nor will you be allowed to remain in the TSP. The TSP will not withhold any amount for Federal income tax on your cashout if all your withdrawals from the TSP throughout the year of your cashout add up to less than $200. If your balance is less than $5.00 when you leave service, the TSP will automatically forfeit the balance to the Thrift Savings Fund. Your quarterly participant statement will indicate that the balance has been forfeited.

Transferring Money Into the TSP

So long as you have an open TSP account, you can transfer eligible funds into it from an IRA or an eligible employer plan.

The transfer will be considered an employee contribution and will be distributed among the TSP investment funds according to your most recent contribution allocation request on file. If you want to change your allocation, you can do so on the TSP website or the ThriftLine.

Money that is transferred into the TSP is subject to all the rules that apply to TSP employee contributions, such as those regarding spouses' rights.

Use Form TSP-60, Request for Transfer Into the TSP (or Form TSP-60-R for transfers from Roth 401(k), Roth 403(b), or Roth 457(b) accounts). Transfer forms are available from the TSP website or by calling the TSP.

To ensure that you receive withdrawal-related checks and correspondence from the TSP, check that your address on your latest participant statement is correct. Your statements are available from the My Account section of the TSP website. If you are still employed, you must make any TSP address of record changes with your agency or service. Once you have left service, you must report address changes directly to the TSP. You can do so by updating your address in the My Account section of the TSP website, by sending the TSP a completed Form TSP-9, Change in Address for Separated Participant, or by calling the ThriftLine and speaking to a TSP Participant Service Representative.

Limitations on Leaving Your Money in the TSP

Withdrawal deadlines. Once you've separated from Federal service or the uniformed services, you are required to make a withdrawal choice for your TSP account balance by April 1 of the year following the year you become age 70½. If you are still a Federal employee employed at age 70½, your required withdrawal must begin by April 1 of the year following the year you separate.

You do not have to withdraw your TSP account all at once. While you do have the option of withdrawing your account in a single payment, you can also choose to receive TSP monthly payments or a life annuity. In fact, you have the option of choosing any combination of those three options. However, if you do not begin withdrawing your account by the required withdrawal deadline, your account balance will be moved to the

Government Securities Investment (G) Fund and subsequently forfeited to the TSP. You can reclaim your account, but you will not receive earnings on your account from the time it was forfeited.

At the same time, you will also be subject to IRS required minimum distribution rules. These rules require you to receive a certain portion of your account each year based on your life expectancy. (For more information, see page 15, "IRS Rules That Affect Separated Participants Who Are 70½ or Older.")

> The TSP will notify you before your required withdrawal date and mail you important tax information about your TSP withdrawal, as well as information about the IRS minimum distribution requirements.

Contributions, loans, in-service withdrawals, and court orders. You cannot make additional contributions to your TSP account after you separate (other than transfers into your account from IRAs or eligible employer plans), and you cannot borrow from your account or make an in-service withdrawal. If you have an outstanding loan at the time you separate, you must repay it or the balance of the loan will be a taxable distribution to you. However, if any part of your loan is associated with tax-exempt contributions, Roth contributions, or qualified Roth earnings, those amounts will not be subject to tax.

Until the loan is closed, you will not be able to make a withdrawal. In addition, you must resolve any court orders against your account before you can make a withdrawal.

Withdrawing Your TSP Account

Your Withdrawal Options

After leaving Federal service, you may make a **partial withdrawal** and/or a **full withdrawal** from your account. If you have both a traditional (non-Roth) and a Roth balance in your TSP account, any withdrawals you make will be **paid proportionally from each balance**.

Partial Withdrawal

You are eligible to make a one-time-only withdrawal of part of your TSP account so long as you did not make an age-based in-service withdrawal (at age 59½ or older) from your TSP account while you were employed by the Federal Government or the uniformed services.

To make a partial withdrawal from your account and leave the balance in the TSP until a later date, visit the TSP website and go to My Account where you will find a helpful program in the Withdrawals section that will guide you through the necessary questions and prefill your request form. Or you can use Form TSP-77, Request for Partial Withdrawal When Separated. You can make a partial withdrawal of $1,000 or more.

Full Withdrawal

When you are ready to choose among the withdrawal options for your entire account balance, there are a number of ways you can do so.

A single payment. You can withdraw your entire TSP account balance in a single payment.

A series of monthly payments. You can withdraw your TSP account in a series of substantially equal monthly payments until it is completely paid out. You can choose:

- ***Monthly payments computed by the TSP based on IRS life expectancy tables.*** Your initial payment amount will be based on your age and your account balance at the time of the first payment. Each year, on the anniversary of the date of your first monthly payment, the TSP will recalculate the amount of your monthly payments. The recalculation will be based on your age and your account balance at the end of the preceding year.
- ***A specific dollar amount.*** You will receive payments in the amount that you request until your entire account balance has been paid to you. The amount of each monthly payment must be $25 or more.

You can use the monthly payment calculators on the TSP website to estimate how many monthly payments you can receive from your account when you choose a specific dollar amount, or to estimate how much you can receive each month if you choose monthly payments based on your life expectancy. Remember that investment gains or losses could cause your account balance to increase or decrease, which could expand or reduce either the amount of your monthly payments or their duration.

While you are receiving monthly payments, you can change the proportions of your account balance that are invested in various TSP investment funds by making an interfund transfer. However, if you have both a traditional (non-Roth) balance and a Roth balance, you cannot allocate your traditional (non-Roth) balance and your Roth balances differently. The allocation you choose when you request your interfund transfer will apply to both your traditional (non-Roth) and your Roth balances pro rata (i.e., proportionally).

A life annuity. You can withdraw your TSP account as a life annuity. An annuity is a monthly benefit paid to you for life. The TSP will purchase an annuity for you from the TSP's annuity provider for a minimum amount of $3,500. The minimum applies to your traditional (non-Roth) and your Roth balances separately. For more detailed information about TSP annuities and their features, see *Life Annuities* on page 8. That section also contains a comparison between receiving monthly payments and receiving annuity payments. You can also visit the TSP website where you will find a calculator to help you with your decision.

A mixed withdrawal. You can withdraw your entire account balance through a combination of any two, or all three, of the available full withdrawal options (single payment, TSP monthly payments, or a life annuity). The rules for each of the options that you choose will be the same as those described above. Thus, if you use only a portion of your account balance to purchase an annuity, the portion of your balance that you use to purchase the annuity must equal at least $3,500.

Special Note About Tax-Exempt Balances

If you have a uniformed services TSP account, your account may include tax-exempt contributions as a result of your deployment to a combat zone. These contributions are always exempt from Federal income taxes. The earnings on tax-exempt traditional contributions will be subject to tax at the time that you make a withdrawal. (See the TSP tax notice "Important Tax Information About Payments From Your TSP Account" for a detailed explanation.)

Note: Withdrawals from a uniformed services account will be paid pro rata (i.e., proportionally) from taxable and nontaxable amounts.

If you elect to use your account to purchase an annuity, the annuity vendor will calculate the taxable and tax-exempt portion of each payment based on the proportion of taxable and tax-exempt balances used to purchase the annuity.

Requesting Your Withdrawal

What you should do. Read this withdrawal booklet and the TSP tax notice "Important Tax Information About Payments From Your TSP Account." When you are ready to request your withdrawal, log into My Account on the TSP website and click on the Withdrawals link on the menu. You will need your 8-character TSP Web password and your TSP account number (or user ID). You will be able to click on the partial withdrawal link (if you are eligible) and a full withdrawal link. Each link takes you to an easy program that will lead you step-by-step through the withdrawal process and will help you to avoid mistakes that could cause your form to be delayed or rejected. However, for security reasons, you will have to print out the form (and any other necessary paperwork) and mail or fax it to the TSP for processing. Alternatively, you can access the paper form that applies to the type of withdrawal you would like. Use Form TSP-77, Request for Partial Withdrawal When Separated, to request a portion of your account, or Form TSP-70, Request for Full Withdrawal, to choose among the withdrawal options for your entire account balance.

What your agency or service must do. Your agency or service must notify the TSP that you have separated from service and provide the date of your separation. The agency or service ordinarily provides this information to the TSP at the time it pays the last paycheck to a separated employee or service member. In most cases, this will be between 2 and 4 weeks after the actual date of separation. *The TSP cannot process your withdrawal until your agency or service reports this information.*

What the TSP will do. When information about your separation is received, the TSP will send you your current account and withdrawal information and a tax notice. If you do not receive this material within 60 days after separating, contact your former agency or service to make sure it has reported your separation to the TSP. If we receive a withdrawal election from you, but your agency or service has not reported your separation, we will hold your withdrawal request for 30 days pending receipt of the separation information. If we still do not hear from your agency or service after 30 days, we will reject your withdrawal request and notify you.

The Timing of Your Withdrawal

The TSP record keeper disburses withdrawals each business day. You can check the TSP website or call the ThriftLine to find out the status of your withdrawal request, including whether the payment has been made. We will also notify you in writing when your payment has been disbursed.

You should allow several weeks between the time that you submit your completed request and the time that payment is sent. Your withdrawal could take longer if your agency or service delays reporting your separation, if you have an outstanding TSP loan, or if you submit forms that are not properly completed. If you are using the TSP website to complete your withdrawal form, you will not be allowed to begin the withdrawal online unless your TSP record indicates that you are separated and that you have no outstanding loans. Be aware that while you will be able to fill in your withdrawal form online, you will still need to fax or mail the completed form to the TSP.

While your withdrawal request is being processed, the money you have invested in any of the TSP's stock or bond funds is subject to market fluctuations. If you want to eliminate your exposure to this market risk, you can request an interfund transfer to invest your account in the Government Securities Investment (G) Fund prior to submitting your withdrawal request.

Transferring Your Withdrawal

Your TSP account is a portable retirement benefit. This means that when you make a full or partial withdrawal of your account after you leave service, you can have the TSP transfer part or all of your single payment or certain monthly payments to an IRA or an eligible employer plan (for example, the 401(k) plan of a new employer). Check with your new employer to see if its plan can accept your transfer. Any tax-deferred amounts that are transferred will retain their tax-deferred status until you withdraw your money.

Single or partial withdrawals. If you have only one type of balance (traditional or Roth) in your TSP account, you can direct all or a part of your single payment or partial withdrawal to only one IRA account or eligible employer plan. If you have both traditional (non-Roth) and Roth balances in your TSP account, you can direct all or a part of the traditional (non-Roth) portion to one IRA or plan, and all or a part of the Roth portion of the payment to either another IRA account or plan or to the same IRA account or plan (assuming you meet the eligibility requirements of the receiving plan(s)). Any amounts not transferred will be paid to you by check unless you have chosen to have that amount sent electronically to your checking or savings account by direct deposit.

TSP monthly payments. If you choose to have the TSP transfer your TSP monthly payments to an IRA or eligible employer plan, the TSP can only transfer monthly payments that are expected to last less than 10 years and are not based on your life expectancy. Thus, if you choose a ***dollar amount*** for your monthly payments, the TSP will determine whether your payments are expected to last less than 10 years. We will do this by dividing the part of your account balance that you chose to be paid in monthly payments by the dollar amount that you chose for your monthly payment. If the result is less than 120, your payments will be eligible to be transferred.

Similar to single and partial payments, if you have only one type of balance (traditional or Roth) in your TSP account, you can direct all or a part of your eligible monthly payments to only one IRA account or eligible employer plan. If you have both traditional (non-Roth) and Roth balances in your TSP account, you can direct all or a part of the traditional (non-Roth) portion to one IRA or plan, and all or part of the Roth portion of your eligible monthly payment to either another IRA account or plan or to the same IRA account or plan (assuming you meet the eligibility requirements of the receiving plans(s)). Any amounts not transferred will be paid to you by check unless you have chosen to have that amount sent electronically to your checking or savings account by direct deposit.

To request a transfer, you must indicate on your withdrawal form the percentage of your payment(s) that you want transferred to your IRA or eligible employer plan. In addition, you and your IRA or plan must provide the information requested on your TSP withdrawal form.

When requesting a transfer, do not use forms of the plan or financial institutions; the TSP cannot accept them.

If your plan or financial institution needs the TSP to certify that the money you are transferring is eligible for transfer, you can provide it with a copy of the fact sheet Transfers From the Thrift Savings Plan to Eligible Retirement Plans. It is available from the Forms & Publications section of the TSP website or from the TSP.

Rolling over your withdrawal. Amounts that are not transferred will be paid to you by check (or to your checking or savings account, if you so choose), and you will be subject to Federal tax withholding on any taxable amounts. Certain payments that are eligible to be transferred, but are paid directly to you, can still be "rolled over" to an IRA or an eligible employer plan within 60 days of the date you receive the funds from the TSP.

Transferring tax-exempt TSP balances. Tax-exempt balances resulting from contributions from pay earned in a combat zone may also be transferred or rolled over into an IRA or transferred to an eligible employer plan if the IRA or plan certifies that it will accept them. If you have tax-exempt money in your account, it will be transferred only if the taxable portion of your withdrawal does not satisfy the percentage of your withdrawal that you elected to transfer to your IRA or plan.

The tax rules surrounding transfers and rollovers of traditional (non-Roth) and Roth balances are complex. For more information, read the TSP tax notice "Important Tax Information About Payments From Your TSP Account." You should also consider speaking with a qualified tax advisor before making your decision.

Depositing Your Payment(s) Electronically

Any single payment or monthly payment that is **not transferred** directly to an IRA or an eligible employer plan can be sent to your checking or savings account electronically by direct deposit.

You can have your payment(s) sent electronically to only one checking or savings account at one financial institution. This is true even if you have a traditional (non-Roth) and a Roth balance in your TSP account. For example, if you choose to receive a portion of your account as a single payment and another portion as monthly payments, you can direct the TSP to send either the single payment, monthly payments, or both types of payments by direct deposit to your checking or savings account. (However, if you choose to send both types of payments by direct deposit, your payments must be sent to the same account at the same financial institution.)

Taxes on TSP Payments

Your TSP withdrawal may be subject to Federal income taxes. The tax treatment of your withdrawal depends on the type of balance (traditional (non-Roth), Roth, or both) from which your withdrawal is taken as well as the type of withdrawal option(s) that you choose. Also, different tax rules may apply to Federal civilian employees and to members of the uniformed services. For detailed information about the tax rules, read the TSP tax notice "Important Tax Information About Payments From Your TSP Account."

Changing Your Withdrawal Election

Before payments begin. The TSP processes withdrawals each business day. Completed withdrawal requests that are entered into our system by 12:00 noon, Eastern time are processed that night. This means that there is a very small window of time during which you would be able to cancel your request and submit a new election. Therefore, we recommend that you carefully consider your options before submitting a withdrawal request.

After payments begin. You ***cannot*** change your withdrawal choice after your account has been paid out. Also, if you have chosen an annuity, you cannot change either the annuity options or your choice of joint annuitant after the TSP has purchased an annuity for you.

However, if you are receiving a series of monthly payments, you can at any time change to a final single payment, or change where or how your payments are sent. Refer to the TSP website for detailed instructions. In addition, during the **annual change period** at the end of each calendar year, you can change the dollar amount of your payments, and you can make a one-time-only change from TSP-computed payments to a specified dollar amount. When you make a change during the annual change period, the TSP must receive Form TSP-73, Change in Monthly Payment Amount, from you by December 15 for the change to be effective with the first payment you receive after December 31.

Withdrawal Rules for Rehired Participants

If you separate from Federal civilian employment or the uniformed services and then are reemployed by the Federal Government with a break in service of **less than 31 full calendar days**, you are not eligible to withdraw your TSP account. If your break in service is **31 or more full calendar days**, you are eligible, but not required, to withdraw your TSP account up to the TSP withdrawal deadline (see page 3). If you wish to withdraw your account, your withdrawal request must be received and paid while you are still separated from service.

Note: If you began receiving monthly payments from the TSP after you separated, those payments will stop if you are subsequently rehired; however, if you are receiving annuity payments, they will continue even though you've been rehired.

Life Annuities

A life annuity provides monthly payments for as long as you are alive. If you elect an annuity with survivor benefits, it will provide payments as long as you (or your joint annuitant) are alive.

A life annuity is one of your options for withdrawing your TSP account after you separate from service. If you want a guaranteed stream of payments for as long as you (or your joint annuitant) are alive, an annuity may be the right choice. You can use your entire account balance to purchase a life annuity, or you can use a portion of your account balance to purchase an annuity and choose a different withdrawal option or options to withdraw the rest.

Amount of Your Life Annuity

The factors that affect the amount of your monthly annuity payments include:

- the annuity option you choose
- your age when your annuity is purchased (and the age of your spouse or other joint annuitant if you choose a joint annuity)[3]
- the amount used to purchase your annuity
- the "interest rate index" when your annuity is purchased

The TSP website has calculators available to help you with your annuity decision. You can also contact the TSP to obtain an annuity estimate.

If you choose a life annuity and you have *either* a traditional (non-Roth) balance or a Roth balance (but not both) in your TSP account, you must have at least $3,500 in your account at the time your annuity is purchased. If you are using only a portion of your account for an annuity, the percentage you choose when requesting your withdrawal must equal $3,500 or more of your vested account balance.

If you choose a life annuity and you have *both* a traditional (non-Roth) balance and a Roth balance in your TSP account, the $3,500 minimum required to buy an annuity applies to **each balance separately**. You may choose to purchase an annuity as long as you have $3,500 in either your traditional (non-Roth) or Roth balance.

Note: A life annuity purchased with money from your TSP account is not the "basic annuity" that you will receive as a result of your retirement coverage under FERS or CSRS, or the retired pay that members of the uniformed services receive. If you have questions about your eligibility for the basic annuity or uniformed services retired pay, contact your agency or service.

Life Annuity Options

The TSP, through its annuity provider, offers the following types of annuity options:

- single life annuity — with level or increasing payments
- joint life annuity with your spouse — with level or increasing payments
- joint life annuity with someone other than your spouse — with level payments

These annuities are described below, followed by a description of several additional annuity features that you can consider. All of the annuities and their features are also summarized in the chart on page 10. You may only choose one type of annuity.

Single Life and Joint Life Annuities

Single life annuity—An annuity that provides monthly payments only to you as long as you live.

Joint life annuity—An annuity that provides monthly payments to you while you and the person with whom you choose to share your annuity (your "joint annuitant") are alive. (In most cases, the joint annuitant is the participant's spouse.) When you or your joint annuitant dies, monthly annuity payments will be made to the survivor for his or her lifetime. The amount of the payment while you and your joint annuitant are alive and the amount of the payment to the survivor depend on whether you choose a 100% or a 50% survivor annuity.

If you choose an annuity that provides for a joint annuitant other than your spouse, the joint annuitant must be either a former spouse or someone with an **insurable interest** in you. This means that the person is financially dependent on you and could reasonably expect to derive financial benefit from your continued life. Blood

[3] For life annuity purposes, age is defined in whole years; months are not considered in the annuity calculation.

relatives or adopted relatives (but not relatives by marriage) who are closer than first cousins are presumed to have an insurable interest in you.

If the person you name as your joint annuitant does not have a presumed insurable interest in you, you must submit an affidavit (i.e., a certification signed before a notary public) from someone with personal knowledge that the named person has an insurable interest in you. The certifier must know the relationship between you and the joint annuitant and must state why he or she believes that your joint annuitant might reasonably expect to benefit financially from your continued life.

Two types of joint annuities are available:

> **100% survivor annuity.** The amount of the monthly annuity payment to the survivor is the same as the annuity payment made while both you and your joint annuitant are alive. However, the amount of the monthly payment that you receive while you are both alive is generally less than it would be if you had selected the 50% survivor annuity.
>
> **50% survivor annuity.** The amount of the monthly annuity to the survivor—**whether the survivor is you or your joint annuitant**—is cut in half (that is, cut to 50%) of the annuity payment made while both you and your joint annuitant are alive.

If you name a joint annuitant other than your spouse who is **more than 10 years younger than you, you must choose a joint life annuity with the 50% survivor benefit**. The only exception is for a former spouse to whom all or a portion of your TSP account is payable under a retirement benefits court order.

Level and Increasing Payment Annuities

Once you have chosen either a single life or a joint life annuity, you must decide whether you want to receive level or increasing payments.

Level payments. The amount of the monthly annuity payment **remains the same** from year to year. Thus, with a single life annuity, you receive the same monthly payment for as long as you live. With a joint life annuity, you receive the same monthly payment for as long as you and your joint annuitant are alive. The monthly payment to the survivor will depend on whether you have chosen a 100% survivor annuity or a 50% survivor annuity, but it will remain at the same level for the life of the survivor.

Increasing payments. The amount of the monthly annuity payment **can change each year** on the anniversary date of the first payment. The amount of the change is based on the change in inflation, as measured by the consumer price index. Increases cannot exceed 3% per year, but monthly annuity payments cannot decrease. When annuity payments start, they are smaller than they would have been if you had selected level payments, but they may increase each year. Increasing payments can be combined with either the single life annuity or the joint life annuity with spouse. You **cannot** choose increasing payments when the joint annuitant is not your spouse.

Additional Annuity Features That Allow for Beneficiaries

There are two additional annuity features available: the cash refund feature and the 10-year certain feature. Under certain circumstances, these features will provide payments to your named beneficiary(ies). When you choose one of these features, your monthly payments will be less than they would have been if you had chosen an annuity without either of these features.

Cash refund. If you (and your joint annuitant, if applicable) die before the amount used to purchase your annuity has been paid out, the remaining amount will be paid to your beneficiary(ies) in a lump sum. This feature can be combined with either a single life or a joint life annuity, and with level or increasing payments.

Ten-year certain. If you die before receiving annuity payments for a 10-year period, payments will continue to your beneficiary for the rest of the 10-year period. If you live beyond the 10-year period, you will continue to receive payments, but no payments will be made to a beneficiary when you die. This feature can be combined with a single life annuity with either level or increasing payments. It **cannot** be combined with a joint life annuity.

The table below summarizes the life annuity options and features.

Choosing Among the Annuity Options

The value of the total expected payments under all of the annuity options is comparable, but the amounts of each monthly payment that you receive—and the provision for continuing payments to a survivor or beneficiary—are different. For example, a monthly annuity payment under a single life annuity will generally be more than the monthly payment under a joint life annuity. This is because payments continue under the joint life annuity after the death of one of the joint annuitants until the survivor dies. For each annuity feature that you choose, the expected monthly annuity payment to you will decrease.

Estimating monthly annuity payments. If you are interested in purchasing a life annuity, visit the Planning & Tools section of the TSP website. You will find additional information and a calculator to help you with your decision and to estimate your annuity payments. The **exact** amount of your monthly annuity payment cannot be determined until the date of purchase, as opposed to the date the money is withdrawn from your account.

Requesting an Annuity

To request an annuity, log on to My Account on the TSP website and go to the Withdrawals page. From there you can click on the Full Withdrawal link to be taken through the steps to begin your annuity request. Or you can complete Form TSP-70, Request for Full Withdrawal, indicating that you want a life annuity.

If you want a joint life annuity, you will have to provide proof of your joint annuitant's age. You can do so by providing a copy of your joint annuitant's birth certificate. If the birth certificate is unavailable, refer to the form instructions for other documents that may be used.

If you are a married TSP participant, spouses' rights apply, as described on page 13.

How Your Annuity Is Purchased

Your annuity will be purchased from the TSP annuity vendor, currently Metropolitan Life Insurance Company (MetLife). MetLife is a major national insurance company that was competitively chosen by the Federal Retirement Thrift Investment Board, the agency that administers the TSP. After the TSP receives all of the information and documentation necessary to purchase your annuity, we will generally process your annuity request and disburse the funds for your annuity within 10 business days. **Once the funds for your annuity have been disbursed, you cannot cancel the annuity, change the annuity option, or change the joint annuitant.**

On the date when the annuity provider receives your request and the money from your TSP account—generally within 2 business days after the money is disbursed—the annuity is purchased. Once the money has left your TSP account, you should direct all communications concerning your annuity to the annuity provider. The annuity

Summary of Annuity Options and Features

Single Life		Joint Life with Spouse*		Joint Life with Other Survivor
Level Payments	**Increasing Payments**	**Level Payments**	**Increasing Payments**	**Level Payments**
with no additional features	with no additional features	100% survivor annuity	100% survivor annuity	100% survivor annuity**
or	**or**	**or**	**or**	**or**
with cash refund feature	with cash refund feature	50% survivor annuity	50% survivor annuity	50% survivor annuity
or	**or**	**or**	**or**	**or**
with 10-year certain feature	with 10-year certain feature	100% survivor annuity with cash refund	100% survivor annuity with cash refund	100% survivor annuity with cash refund**
		or	**or**	**or**
		50% survivor annuity with cash refund	50% survivor annuity with cash refund	50% survivor annuity with cash refund

*A married FERS or uniformed services participant must obtain his or her spouse's waiver of the spouse's TSP survivor annuity benefit if an option is chosen other than Joint Life with Spouse, with level payments and 50% survivor annuity. See "Spouses' Rights," on page 13.

**Available if joint annuitant is not more than 10 years younger than the participant.

provider will send you a package of information and an annuity contract. Your monthly annuity payments will begin approximately one month after the annuity is purchased.

Note regarding timing of your annuity request: If you request an annuity toward the end of a month, your annuity may not be purchased until the following month. This means that the annuity provider will use the interest rate index in effect for the month in which the annuity is purchased—which may not be the rate that was in effect when you sent your request or when the TSP processed your request.

How Your Annuity Is Taxed

For FERS or CSRS TSP accounts. If you have a traditional (non-Roth) balance in your TSP account, the taxes on those contributions (and the earnings) are deferred until the money is paid to you. Therefore, the TSP annuity payments comprised of traditional (non-Roth) amounts will be taxed as ordinary income in the years when you receive them.

If you have a Roth balance in your TSP account, those contributions were made after tax. The TSP annuity payments comprised of Roth contributions will not be taxed. Whether the Roth earnings portion of any annuity payment is taxed depends on whether that particular payment meets the IRS rules for qualified earnings.[4]

Note: Your annuity payments are **not** subject to the IRS early withdrawal penalty, even if you are under age 55 when they begin.

For uniformed services TSP accounts. TSP accounts for members of the uniformed services may also include contributions from pay subject to the combat zone pay tax exclusion. Certain pay earned in a combat zone is exempt from Federal income tax. The annuity vendor will calculate the amount of tax-exempt contributions that will be paid as part of the traditional (non-Roth) portion of your annuity payment and will inform you of this amount. The calculation will be based on IRS requirements and the type of annuity you have chosen. The tax-exempt portion of your payment will be spread out based on your life expectancy (and that of your joint annuitant, if applicable). Once the tax-exempt portion of your initial payment has been calculated, that amount will remain fixed for all later payments, even if the amount of your annuity payment changes (for example, due to the death of a joint annuitant). When all of the tax-exempt money used to purchase your annuity has been paid out, any future payments will contain no tax-exempt money. If you elected a cash refund feature and have any remaining tax-exempt money in your annuity when you (and, if applicable, your joint annuitant) die, the remaining tax-exempt amount will continue to be treated as tax-exempt when it is paid to your beneficiary(ies).

For more information, read the TSP tax notice "Important Tax Information About Payments From Your TSP Account."

[4] Roth earnings become qualified (i.e., paid tax-free) when the following **two** conditions have been met: (1) 5 years have passed since January 1 of the calendar year in which you made your first Roth contribution **and** (2) You have reached age 59½ or have a permanent disability or in the case of your death. Note: The TSP cannot certify to the IRS that you meet the Internal Revenue Code's definition of a disability when your taxes are reported. Therefore, you must provide the justification to the IRS when you file your taxes.

A Comparison Between Monthly Payments and Annuity Payments

<table>
<tr><th>Monthly Payments</th><th>Annuity Payments</th></tr>
<tr><td>If you choose to receive your TSP account as a series of monthly payments, you can do so in one of two ways: Receive a fixed dollar amount for each payment, or ask the TSP to compute your payments based on your life expectancy. If you choose the fixed dollar amount method, the payments will end when the money in your account runs out. In other words, you take the risk that your money will run out well before you die. If you choose to have the TSP compute your payments, you will receive a stream of payments that is based on IRS life expectancy tables. However, you should be sure that the resulting dollar amount will provide sufficient income. When you die, any remaining balance in your TSP account will be paid to your beneficiary(ies).

Note: In the examples below, we have projected an interest rate of 5.125% on the outstanding balance.</td><td>With an annuity, the annuity provider takes on the risk that you may live longer than its life expectancy tables predict, and will continue to pay your annuity payments until you die. In addition, depending on the annuity type you choose and the interest rate index, you may receive a greater amount per month than you would through the computed payments method offered through the monthly payments option. However, if you do not choose the cash refund feature and you die before you have received an amount equal to the amount used to purchase the annuity, the entire remainder belongs to the annuity provider. (With the 10-year certain feature, if you die before 10 years of payments, the payments for the remainder of the 10 years will be paid to your beneficiary.)

Note: In the examples below, we have used an annuity interest rate index of 5.125%.</td></tr>
<tr><td>Example: Doreen retires at 65 with a TSP account balance of $100,000. She is not married.

If she chooses monthly payments for a fixed dollar amount, she will receive:

1st month: $725.90 per month
Last month: $725.90 per month

How long money will last:
17 years, 4 months (until age 82)*

* This is an estimate of how long the money will last. Because of fluctuations in the value of the TSP funds, the money may last for a longer or shorter period of time.</td><td>Example: Doreen retires at 65 with a TSP account balance of $100,000. She is not married.

If she chooses a single life annuity with level payments and no additional features, she will receive:

1st month: $725.90 per month
Last month: $725.90 per month

How long annuity payments will last:
Until her death</td></tr>
<tr><td>Example: Jack retires at 65 with a TSP account balance of $100,000. His wife, who is also his beneficiary, is 60.

If he chooses to have the TSP compute his monthly payments (which are calculated using the IRS Single Life Table), he will receive:

1st month: $396.83
After 17 years (age 82): $521.81
After 25 years (age 90): $668.75

How long money will last:
Until Jack's death, at which time any remaining balance will be distributed to his wife*

* This is an estimate of how long the money will last. Because of fluctuations in the value of the TSP funds, the money may last for a longer or shorter period of time.</td><td>Example: Jack retires at 65 with a TSP account balance of $100,000. His wife is 60.

If he chooses a joint life annuity with a 100% survivor benefit, level payments, and no additional features, he will receive:

1st month: $600.56
Last month: $600.56**

How long annuity payments will last:
Until the death of both Jack and his wife

If he chooses a joint life annuity with a 100% survivor benefit, level payments, and cash refund, he will receive:

1st month: $594.48
Last month: $594.48**

How long annuity payments will last:
Until the death of both Jack and his wife (plus a refund to a beneficiary of any money remaining from the amount used to purchase the annuity)

** Jack will continue to receive these payments in this amount even if his wife dies before he does. Once an annuity begins, one cannot change it.</td></tr>
</table>

Special Considerations

This section describes considerations relating to certain TSP participants, and they apply to any type of withdrawal chosen:

- Vesting requirements for FERS participants
- Spouses' rights for married participants
- Court orders
- Death benefits
- IRS rules that affect separated participants who are 70½ or older
- Participants with two TSP accounts
- Reporting of changes in personal information

Vesting Requirements

Vesting requirements apply only to FERS participants. If you are a FERS participant, you must work for the Federal Government for a certain number of years in order to be entitled to (or "vested in") the Agency Automatic (1%) Contributions in your account and the earnings on those contributions. Most FERS employees become vested in the Agency Automatic (1%) Contributions after three years of Federal civilian service. FERS employees in Congressional and certain noncareer positions become vested in the Agency Automatic (1%) Contributions after completing two years of Federal civilian service. If you leave Government service before meeting the vesting requirement for your Agency Automatic (1%) Contributions, those contributions and the earnings on them will be removed from your account and forfeited to the TSP before any withdrawals are disbursed.

FERS participants are always vested in their own contributions (and the earnings on them) and the matching contributions their agencies make (and the earnings on those contributions). If you die before leaving Government service, your entire TSP account will automatically become vested.

CSRS and uniformed services participants are always vested in all the money in their accounts.

Spouses' Rights

The Federal Employees' Retirement System Act of 1986, which created the TSP, provides certain rights to spouses of participants. The rules pertaining to these rights vary depending on whether you choose a full withdrawal or a partial withdrawal of your account. If you are a married FERS, CSRS, or uniformed services participant (even if you are separated from your spouse), you are subject to certain spouses' rights requirements, as explained below.

Full Withdrawals

- **If you are a married FERS or uniformed services participant with a total TSP account balance of more than $3,500, and you are making a full withdrawal,** your spouse is entitled by law to a prescribed survivor annuity. This is the joint life annuity with a 50% survivor benefit, level payments, and no cash refund feature. If you choose any other withdrawal option, or any combination of options, whereby your ***entire*** account balance is not used to purchase the prescribed survivor annuity, your spouse must sign a statement on Form TSP-70 waiving his or her right to that annuity. Your spouse's signature must be notarized. (See the chart on page 14.)
- **If you are a married CSRS participant with a total TSP account balance of more than $3,500, and you are making a full withdrawal,** the TSP must notify your spouse of your withdrawal election.

Partial Withdrawals

- **If you are a married FERS or uniformed services participant and you are making a partial withdrawal,** your spouse must give written consent to your withdrawal on Form TSP-77 ***regardless of*** your account balance or the amount of your withdrawal. Your spouse's signature must be notarized.
- **If you are a married CSRS participant and you are making a partial withdrawal,** the TSP must notify your spouse of your withdrawal election ***regardless of*** your account balance or the amount of your withdrawal.

Combining Two Accounts

- **If you are a married CSRS participant combining a civilian and a uniformed services TSP account,** your spouse's rights will change when your accounts are combined. Depending on the way in which you choose to combine your accounts, your spouse could either gain additional control over withdrawals from your account by having to provide his or her signature, or have his or her rights reduced to only receiving notification of your withdrawal. CSRS participants who are moving their uniformed services accounts into their civilian accounts must receive their spouses' consent.

- FERS participants or members of the uniformed services who are combining their civilian and uniformed services TSP accounts are not affected because spousal rights are the same for FERS and uniformed services participants. (For more information on combining accounts, see page 15, "Participants With Two TSP Accounts.")

Exceptions. Under certain circumstances, as noted in the chart below, exceptions may be made to the TSP's spouses' rights requirements. The conditions under which these exceptions are granted are very strict. To obtain more information on the requirements for an exception—or apply for an exception—use Form TSP-16 (TSP-U-16), Exception to Spousal Requirements.

Court Orders

The TSP must honor a valid court order that awards all or part of a TSP account to a current or former spouse (including a separated spouse). The TSP must also honor a valid court order that enforces obligations to pay child support or alimony, or to satisfy judgments for child abuse. Your withdrawal request will not be accepted until the court order is settled; however, any required minimum distributions will be disbursed by the appropriate deadline. If the TSP determines that an order is valid and applies to the TSP account from which you have requested a withdrawal, the TSP will comply with the order before processing your withdrawal.

Spouses' Rights

Retirement System	Withdrawal Type	Requirement	Exceptions*
FERS or uniformed services	Full**	Spouse is entitled to a joint life annuity with 50% survivor benefit, level payments, and no cash refund feature, unless he or she waives this right.***	Whereabouts unknown or exceptional circumstances
FERS or uniformed services	Partial	Spouse must give written consent to the withdrawal.	Whereabouts unknown or exceptional circumstances
CSRS	Full**	TSP must notify the spouse of the participant's withdrawal request.	Whereabouts unknown
CSRS	Partial	TSP must notify the spouse of the participant's withdrawal request.	Whereabouts unknown

* **The criteria for supporting a claim on the basis of exceptional circumstances or whereabouts unknown are strict.** The fact that there is a separation agreement, a prenuptial agreement, a protective order, or a divorce petition does not in itself support a claim of exceptional circumstances. When requesting an exception because you do not know the whereabouts of your spouse, you will be required to provide information and documentation on efforts you have undertaken to locate him or her.

** For full withdrawals (including mixed withdrawals), spouses' rights requirements apply only if the account balance is more than $3,500.

*** Unless the **entire** account balance is used to purchase the prescribed survivor annuity, the spouse must waive his or her right to that annuity.

For more information about court orders, obtain the booklet *Court Orders and Powers of Attorney* and the TSP tax notice "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders."

Death Benefits

You may use Form TSP-3, Designation of Beneficiary, to designate beneficiaries to receive your TSP account in the event of your death. If you leave an open TSP account when you die and you did not designate beneficiaries for that account, the account will be distributed according to a statutory order of precedence[5]. **A will is not valid for the disposition of your TSP account.** See the booklet *Death Benefits Information for Participants and Beneficiaries* for more information.

IRS Rules That Affect Separated Participants Who Are 70½ or Older

The Internal Revenue Code requires that you receive a portion of your TSP account (your **"required minimum distribution" or "RMD"**) beginning in the calendar year when you become age 70½ **and** are separated from service. If you do not begin receiving payments from your account **or** withdraw your entire account balance, the TSP is required to make the required distribution to you by April 1 of the following year. If you separate after age 70½, your account will immediately be subject to the IRS minimum distribution requirements.

If you are receiving a series of monthly payments from your TSP account when you turn 70½, you will be subject to the IRS minimum distribution requirement, and your monthly payments will be used to satisfy that requirement. (If the total amount of your monthly payments does not satisfy the requirement, the TSP will issue a supplemental payment for the remaining amount in December.)

If you do not make a full withdrawal of your account before you turn 70½, you may make a partial withdrawal through December of the year in which you turn 70½. However, you must select a withdrawal option for the balance of your account before April 1 of the following year. Your partial withdrawal will be applied toward your IRS required minimum distribution.

Required minimum distributions cannot be transferred or rolled over. This means that if you withdraw your account in a single payment or monthly payments in a year to which the required minimum distribution applies, you cannot transfer the entire payment(s) to an IRA or an eligible employer plan. Instead, before transferring any money, the TSP will calculate your required minimum distribution amount and mail it directly to you (or, if applicable, to the savings or checking account designated to receive your direct deposit.)

The TSP calculates minimum distributions based on your account balance and your age, using IRS Uniform Lifetime Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 2. For detailed rules regarding minimum distributions, see the TSP tax notice "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions." If you have both traditional (non-Roth) and Roth balances in your TSP account, RMDs are taken proportionally from each balance.

Note: If you do not begin to withdraw your account by the TSP withdrawal deadline, your IRS required minimum distribution for the prior year will be sent to your last address of record. (See page 3, "Limitations on Leaving Your Money in the TSP.")

Participants With Two TSP Accounts

Some TSP participants (e.g., members of the Ready Reserve) may have two separate TSP accounts—a Federal civilian account and a uniformed services account. If you are one of these participants and you separate from either Federal civilian employment or the uniformed services, you may withdraw only the TSP account related to the type of employment from which you are separating.

Once you have separated, you will also have the option of combining your two accounts into one. However, you can only combine the account related to your separation into your other TSP account. For example, if you are separated from the uniformed services, you can transfer your uniformed services account into your civilian account. If you have separated from both Federal civilian employment and the uniformed services, you can choose which account you want to keep and combine the other one with it. To combine civilian and uniformed services TSP accounts, use Form TSP-65, Request to Combine Civilian and Uniformed Services TSP Accounts.

[5] If you do not have a Form TSP-3 on file with the TSP, your money will be distributed according to the following statutory order of precedence: It will go to your widow or widower, if you have one. Otherwise, it will go to your child or children equally, and to the descendents of deceased children by representation. If you have no spouse or children, it will go to your parents equally or your surviving parent. If you have none of these surviving relatives, it will go to the appointed executor or administrator of your estate. If you do not have one, it will go to your next of kin entitled to your estate under the laws of the state where you lived at the time of your death.

Note: If the traditional (non-Roth) portion of your uniformed services TSP account includes a tax-exempt balance, that balance cannot be transferred into your civilian TSP account. Therefore, you will need to either withdraw your tax-exempt money separately or retain your uniformed services account to hold your tax-exempt money until you withdraw it. If you leave your tax-exempt money in your uniformed services account, it will continue to accrue tax-deferred earnings until you withdraw it. Any tax-exempt money that was contributed to your Roth balance can be transferred into your civilian TSP account.

Reporting Changes in Personal Information

Until your TSP account is completely withdrawn, be sure to keep the TSP informed of any changes in your mailing address or other personal information maintained by the TSP. Otherwise, you may not receive your participant statements and other important mailings, including checks. You should also inform the TSP of any address change through the January following the year your account is closed, so that you will receive tax reporting information about your withdrawal.

Before you separate, ***your agency or service*** is responsible for updating your personal information for your TSP account. After separating, ***you*** must report changes to your personal information directly to the TSP. After separating, you can make an address change through the TSP website. You will need your TSP account number (or customized User ID) and your Web password. Or you may complete the applicable form and send it to the TSP as follows:

- To change your address after separating from service, submit Form TSP-9, Change in Address for Separated Participant.
- To change your name after separating from service, submit Form TSP-15, Change in Name for Separated Participant.

After separating from service, you can also report a change of address by writing to the TSP. Your dated and signed letter must contain your TSP account number (or Social Security number) and your date of birth, which will be used to identify your account. Your letter should also state whether you are reporting a change of address for a civilian or a uniformed services TSP account.

If you are still employed by either the Federal Government or the uniformed services, the agency or service you are still working for must change your address for the applicable account.

Note: If you submit post-employment withdrawal forms, the address you put on the forms will automatically update your TSP account information.

Glossary of Terms

Agency Automatic (1%) Contributions—Contributions equal to 1% of basic pay each pay period, contributed to a FERS participant's TSP account by his or her agency.

Annuity—A payment paid to the participant (or to the participant's survivor if the participant elects a joint annuity) each month. Payments continue as long as the participant (or his or her survivor) is alive. Annuities are purchased through an annuity vendor.

Beneficiary Participant—A spouse beneficiary of a deceased civilian or uniformed services TSP participant who has a TSP account established in his or her name. For information about taking a withdrawal from a beneficiary participant account, refer to the TSP booklet *Your TSP Account: A Guide for Beneficiary Participants*.

Civil Service Retirement System (CSRS)—The retirement system for Federal civilian employees who were hired before January 1, 1984. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

Contribution Allocation—A participant's choice that tells the TSP how contributions, transfers, and loan payments that are going into his or her account should be invested among the TSP funds.

Designation of Beneficiary—The participant's formal indication of who should receive the money in his or her account in case of his or her death. Participants must use the TSP Designation of Beneficiary form (TSP-3). Absent Form TSP-3, the TSP account is paid according to the statutory order of precedence.

Eligible Employer Plan—A plan qualified under Internal Revenue Code (IRC) § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an IRC § 403(a) annuity plan; an IRC § 403(b) tax-sheltered annuity; and an eligible IRC § 457(b) plan maintained by a governmental employer.

Federal Employees' Retirement System (FERS)—The retirement system for Federal civilian employees who were hired on or after January 1, 1984. FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans.

Full Withdrawal—A post-separation withdrawal of a participant's entire TSP account through an annuity, a single payment, or monthly payments (or a combination of these three options).

Inflation Risk—The possibility that the value of assets will decrease as inflation shrinks the value of the dollar.

In-Service Withdrawal—A disbursement from a participant's account that is available only to participants who are still employed by the Federal Government or the uniformed services.

Interfund Transfer—The choice made by a participant to reallocate his or her existing account balance among the available TSP investment funds.

IRA—See "Roth IRA" or "Traditional IRA."

IRS Life Expectancy Tables—IRS Single Life Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 1, is used to calculate monthly payments based on life expectancy for participants who are under age 70 after June 30 of the calendar year in which the calculation is made. For participants who turn age 70 before July 1 of that year, the Uniform Lifetime Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 2, is used.

Market Risk—The risk of a decline in the market value of stocks or bonds.

Mixed Withdrawal—A post-employment withdrawal of a participant's entire account through any combination of the following: an annuity, a single payment, or monthly payments.

Monthly Payments—Payments that the participant elects to receive each month directly from his or her TSP account after separating from service. These payments are not the same as life annuity payments.

Partial Withdrawal—A one-time post-employment distribution of part of a participant's account balance. A partial withdrawal is participant-elected and is distributed in a single payment.

Participant Statement—Statements that are made available to each TSP participant after the end of each calendar quarter and after the end of each calendar year. Quarterly statements show the participant's account balance (in both dollars and shares) and the transactions in his or her account during the quarter covered. Annual statements summarize the financial activity in the participant's account during the year covered and provide other important account data such as the participant's personal investment performance, primary beneficiary information, and an account profile.

Password—A secret 8-character code made up of letters and numbers that a TSP participant uses whenever accessing his or her account through the TSP website. For new participants, the initial password is computer-generated and is sent to the participant shortly after his or her first contribution is received by the TSP.

Personal Identification Number (PIN)—A 4-digit number that a TSP participant must use to access his or her TSP account on the ThriftLine. For new participants, the initial PIN is computer-generated and is sent to the participant shortly after his or her first contribution is received by the TSP.

Post-Separation Withdrawal—A distribution from a participant's account that is available only to participants who have left Federal service or the uniformed services. Sometimes referred to as a "post-employment" withdrawal. (See also "Withdrawal.")

Qualified Distribution—A tax-free distribution from the Roth portion of your account. The earnings in your Roth balance become qualified when **two** conditions have been met:

1) 5 years have passed since January 1 of the calendar year in which you made your first Roth contribution, **and**
2) You have reached age 59½ or become permanently disabled, or in the case of your death.

Retirement Income Replacement Ratio—The percentage of your pre-retirement income that you expect to need in retirement.

Roth Balance—The portion of a TSP account balance that is made up of employee contributions that you designated as Roth when you made your contribution election, and the earnings on those contributions. Earnings on all Roth contributions are tax-free provided certain Internal Revenue Service (IRS) rules are met. (See also "Qualified Distribution.")

Roth IRA—An individual retirement account that is described in § 408A of the Internal Revenue Code (IRC). A Roth IRA provides tax-free earnings provided certain Internal Revenue Service (IRS) requirements are met. You must pay taxes on the funds you transfer to a Roth IRA from your traditional (non-Roth) TSP balance. The tax liability is incurred for the year of the transfer.

Required Minimum Distribution—The amount of money, based on a participant's age and previous year's TSP account balance, that the IRS requires be distributed to a TSP participant each year, beginning in the year he or she has reached age 70½ **and** is separated from service.

Single Payment—A payment made at one time. Sometimes referred to as a "lump sum."

Tax-Exempt Contributions — Contributions of money to a traditional balance that will never be taxed. Such contributions can be made to the TSP by members of the uniformed services from pay that is covered by the combat zone tax exclusion.

ThriftLine—The TSP's automated voice response system. It provides general news about the TSP and allows participants to access certain account information and perform some transactions over the telephone. You also use the ThriftLine to contact the TSP's Participant Service Representatives.

Traditional IRA—As used in this booklet, a traditional individual retirement account described in § 408(a) of the Internal Revenue Code (IRC), or an individual retirement annuity described in IRC § 408(b), into which a TSP participant can transfer money from his or her TSP account. (It does not include a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).)

Traditional (non-Roth) Balance—The portion of a TSP account balance that is made up of all employee contributions that you designated as traditional when you made your contribution election, and the earnings on those contributions. For FERS participants, your traditional (non-Roth) balance also includes your Agency Automatic (1%) Contributions, as well as any Matching Contributions made to your account. Earnings on agency (or service) contributions are also a part of your traditional (non-Roth) balance.

Uniformed Services—Uniformed members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration serving on active duty, and members of the Ready Reserve or National Guard of those services in any pay status.

Vesting—The time in service that a FERS participant must have completed upon separation from service in order to be entitled to keep Agency Automatic (1%) Contributions and associated earnings. A participant is vested in (entitled to keep) the Agency Automatic (1%) Contributions in his or her account after completing 3 years of Federal service (2 years for most FERS employees in Congressional and certain noncareer positions).

Withdrawal—A general term for a distribution that a participant requests from his or her account. (Includes in-service withdrawals and post-separation withdrawals.)

TSP Forms and Materials for Separated Participants

You can obtain the following items from the TSP website. Also, if you are still employed as a Federal civilian employee, you can obtain them from your agency personnel office; if you are a member of the uniformed services, you can obtain them from your service TSP representative. After you separate, you can obtain them from the TSP.

Most TSP forms can be used by both civilian and uniformed services participants. However, if a form has a "TSP-U-" prefix before the form number, it must be used by participants who are members of the uniformed services. Forms without a "TSP-U-" version should be used by all participants.

To withdraw your account—

- Form TSP-70, Request for Full Withdrawal
- Form TSP-77, Request for Partial Withdrawal When Separated
- Form TSP-16 (TSP-U-16), Exception to Spousal Requirements
- Booklet: *Withdrawing Your TSP Account After Leaving Federal Service*
- Tax Notice: "Important Tax Information About Payments From Your TSP Account"

To keep your account information up-to-date—

- Form TSP-3, Designation of Beneficiary
- Form TSP-9, Change in Address for Separated Participant
- Form TSP-15, Change in Name for Separated Participant

For your beneficiaries to receive your account after death—

- Form TSP-17 (TSP-U-17), Information Relating to Deceased Participant
- Tax Notice: "Important Tax Information About Thrift Savings Plan Death Benefit Payments"

To combine your civilian and uniformed services TSP accounts—

- Form TSP-65, Request to Combine Civilian and Uniformed Services TSP Accounts

Other materials—

- Form TSP-60, Request for a Transfer Into the TSP
- Form TSP-60-R, Request for a Roth Transfer Into the TSP
- Form TSP-73, Change in Monthly Payment Amount
- Tax Notice: "Tax Information for TSP Participants Who Request Changes in Monthly Payments"
- Tax Notice: "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions"
- Tax Notice: "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders"
- Booklet: *Court Orders and Powers of Attorney*
- Booklet: *Death Benefits Information for Participants and Beneficiaries*

Electronic resources—

- The TSP website (www.tsp.gov) has the most current TSP information, including the latest interest rate index for annuities, forms and publications, and several calculators, including calculators that help you estimate annuity payments and monthly withdrawal payments.
- The ThriftLine (1-877-968-3778; TDD: 1-877-547-4385) is an automated telephone service for participants that provides current account information 24 hours a day, 7 days a week. After you have requested a withdrawal from your TSP account, you can call the ThriftLine to find out if your withdrawal is ready to be paid out or if payment has already been made.

THRIFT SAVINGS PLAN
YOUR PLAN ★ YOUR FUTURE

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