



# Thrift Savings Plan BULLETIN for Agency TSP Representatives

**Subject:** Earnings Adjustments to Thrift Savings Plan Accounts Requested By Employing Agencies

**Date:** August 2, 2005

This bulletin discusses “earnings adjustments” and introduces the journal voucher that payroll offices must use to request such adjustments. An “earnings adjustment” is a new transaction that allows payroll offices to report an amount to be deposited in a Thrift Savings Plan (TSP) participant’s account which replicates earnings that would have accrued had the agency not erred in reporting contributions to the account. Except in the case of corrections that are made pursuant to the provisions of FERCCA (see Section I.A below), an earnings adjustment should be a rare occurrence.

As discussed in the TSP bulletin, Processing Agency Submissions in the New Record Keeping System, the TSP system automatically calculates and posts breakage on makeup and late contributions when the contributions are posted to a participant’s account. This new transaction, however, allows for the posting of earnings, which are not determined by the TSP system, to a participant’s account. Earnings adjustments are determined by the Office of Personnel Management (OPM) or the agency or another entity, as discussed below, and are not recalculated or verified by the TSP system.

## I. Types of Earnings Adjustments

There are two types of earnings adjustments: FERCCA earnings adjustments and miscellaneous earnings adjustments.

### A. FERCCA earnings adjustment

One of the provisions of the Federal Erroneous Retirement Coverage Corrections Act (FERCCA) allows OPM to calculate “lost earnings” for TSP makeup contributions that a payroll office had submitted previously. Rather than submit negative adjustment and late payment records to remove and redeposit such contributions from and into an affected participant’s account, the payroll office simply submits an “earnings

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**Inquiries:** Questions concerning the provisions of this bulletin should be directed to the Federal Retirement Thrift Investment Board at 202-942-1462.

**Chapter:** This bulletin may be filed in Chapter 6, Establishing and Maintaining Accounts.

adjustment” to report the amount of earnings that OPM has determined would have accrued to the account had the retirement coverage error not occurred. OPM will notify agencies when it is ready to provide such amounts to them.

B. Miscellaneous earnings adjustment

Although the earnings adjustment functionality was developed specifically to accommodate the provisions of FERCCA, we also developed a “miscellaneous earnings adjustment” that will allow an agency to report an amount to replicate earnings that it or a court or other adjudicating entity has determined would have accrued to a participant’s account had an error not occurred in the agency administration of the account. As stated in the introduction to this bulletin, a miscellaneous earnings adjustment should be rare.

## II. Reporting Earnings Adjustments

A. Record layout

Payroll offices must use the Web-based data submission application or the PC program to report earnings adjustments. If the adjustment is a FERCCA adjustment, the 71-record should be used to report the amount(s). If the adjustment is a miscellaneous adjustment, the 72-record should be used. Other than the record numbers, however, the data to be submitted is the same.

1. Earnings adjustments may be made to contributions from all three sources. Consequently, the adjustment amount must be reported by source of contribution (e.g., if the earnings adjustment is for employee contributions previously reported, enter the amount in the “employee earnings adjustment” field; if the earnings adjustment is for agency matching contributions previously reported, enter the amount in the “agency matching adjustment” field).
2. The “as of” date is the date for which the adjustment is being reported. If the “as of” date field contains a date which is more than 30 days earlier than the submission date in item 4 of the journal voucher (described below), the TSP system will calculate breakage on the earnings adjustment amount.

B. Journal voucher

We have developed a new journal voucher, [Form TSP-2-F, Certification of Transfer of Funds and Journal Voucher for Earnings Adjustments](#), that payroll offices must use to submit earnings adjustment records. This journal voucher can be obtained from the TSP Web site under “Info for TSP Representatives/Payroll Office Information.” The instructions for completing the journal voucher are on the back of the form. As explained by the instructions for item 6, payroll offices must use separate journal vouchers if they want to submit both types of earnings adjustments.

### III. Processing Earnings Adjustments

#### A. Posting earnings adjustments

The TSP system will post earnings adjustments to accounts according to the participant's contribution allocation on the posting date. If breakage is calculated on an adjustment, the breakage will also be posted to the account this way.

Earnings adjustments will be posted to a participant's account by source of contribution, and will be disbursed by source. (For example, if the adjustment is to employee contributions, it will be included in the determination of an amount the participant may borrow.) However, these adjustments are not contributions, and consequently, are not subject to the limits on contributions, e.g., the Internal Revenue Service elective deferral limit.

#### B. Report to payroll offices

As discussed in the TSP bulletin, Reports Produced by the New Record Keeping System, the TSP system will generate Report TSP 1902, Payroll Office Recap of Earnings Adjustment JV Processing, to reflect the processing of the submission. If any of the earnings adjustments records that were submitted contain errors, Report TSP 1701, Error Report, will reflect the errors. If breakage was calculated on the adjustments, Report TSP 5014, Summary of Breakage Charges, will reflect the breakage charged to the payroll office.



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