



# Thrift Savings Plan BULLETIN for Agency TSP Representatives

**Subject:** Participation in the Thrift Savings Plan

**Date:** September 9, 2009

Public Law 111-31, the Thrift Savings Plan Enhancement Act of 2009 (the Act), was signed on June 22, 2009. It authorizes a number of changes to the Thrift Savings Plan (TSP), including the elimination of the waiting period for agency contributions for participants covered by the Federal Employees' Retirement System (FERS) and other equivalent retirement plans. Prior to the signing of the Act, the TSP issued [TSP Bulletin 09-8](#), H.R. 1256 – Implementation of Immediate Agency Contributions for Participants Covered by the Federal Employees' Retirement System and Equivalent Federal Retirement Plans. TSP Bulletin 09-8 provided specific guidance to the agencies regarding the requirement to begin immediately contributing agency contributions to the TSP accounts of FERS employees.

Because the new benefit significantly changes past practice, we are superseding the prior bulletins regarding participation in the TSP (see Section II: Background) and issuing a new bulletin. This bulletin specifically addresses eligibility and contribution election rules, the immediate agency contribution requirements for FERS employees, the TSP status codes and dates, and agency responsibilities. In addition, the bulletin provides specific guidance for special groups (reemployed annuitants, dual appointees, and employees who elect to transfers to FERS). We also provide sample letters that the agencies may use to notify employees of their TSP eligibility.

This bulletin does not address the other provisions of the Act, such as automatic enrollment, which will be implemented at a later date. The TSP will issue a bulletin as each provision of the Act is implemented.

*(continued on next page)*

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- Inquiries:** Questions concerning this bulletin should be directed to the Federal Retirement Thrift Investment Board at **202-942-1460**.
- Chapter:** This bulletin may be filed in Chapter 3, Eligibility.
- Supersedes:** This bulletin supersedes TSP Bulletin 05-2, Participation in the Thrift Savings Plan, dated January 26, 2005.

## I. Definitions

- A. **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. Upon separation from Federal service, employees must meet the TSP vesting requirement in order to keep these contributions and their associated earnings. [TSP Bulletin 97-30](#), Vesting and the TSP Service Computation Date, dated August 19, 1997, provides information on the vesting requirements for FERS employees.
- B. **Agency Matching Contributions** – Contributions an agency must make each pay period when FERS employees contribute to the TSP. The employee is entitled to receive a matching contribution on the first 5% of basic pay the employee contributes to the TSP each pay period. The formula for Agency Matching Contributions is:
- Dollar for dollar on the first 3% of basic pay contributed; and
  - 50 cents per dollar on the next 2% of basic pay contributed.
  - Total cannot exceed 4% of basic pay.
- Employee contributions of less than \$1.00 or equivalent to less than 1% of basic pay must be appropriately matched by the agency. Employee contributions greater than 5% of basic pay each pay period are not matched by the agency. Employees are automatically vested and entitled to keep Agency Matching Contributions and associated earnings upon separation from Federal service.
- C. **Break in service** – For TSP purposes, a break in service is a separation from Federal service for more than 30 calendar days.
- D. **Catch-up Contributions** – Contributions which are made via payroll deduction by a participant age 50 or older and are permitted to exceed the Internal Revenue Code (I.R.C.) elective deferral limit. Catch-up contributions have their own I.R.C. annual limit.
- E. **Civil Service Retirement System (CSRS)** – The term “CSRS” refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.
- F. **Contribution election** – A request by a participant to start contributing to the TSP, to change the amount of his or her contribution to the TSP each pay period, or to terminate contributions to the TSP.
- G. **Elective deferral limit** – An annual dollar limit, established under the Internal Revenue Code (I.R.C.), for tax-deferred TSP employee contributions. Catch-up contributions made by participants are not subject to this limit, but have a separate I.R.C. limit.

- H. **Employee Data (06) Record (EDR)** – The electronic record used by the agency’s payroll office to transmit to the TSP information about the employee and the agency to establish (and maintain) the employee’s TSP account.
- I. **Federal Employees’ Retirement System (FERS)** – The term “FERS” refers to the Federal Employees’ Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans.
- J. **Pay date** – The date associated with a TSP contribution from basic pay earned during an applicable pay period.
- K. **Pay period** – The period of time over which an employee is paid. Pay periods are normally biweekly, but can be weekly, semimonthly, or monthly in duration. TSP eligibility and elections are generally effective at the beginning of a pay period.
- L. **Payment (16) Record** – The electronic record used by the agency’s payroll office to transmit employee, Agency Automatic (1%), and Agency Matching Contributions to the TSP each pay date. The 16-Record is generally used for current payments.
- M. **TSP Status Code** – The code transmitted by the agency’s payroll office to the TSP on an EDR that reflects an employee’s participation in the TSP (e.g., eligible but not contributing, contributing, terminated contributions). The status code chart in Section V of this bulletin provides the definitions and use of each of the TSP status codes.
- N. **TSP Status Date** – The date an employee attained or changed his or her current TSP status. Agency payroll offices provide the status date to the TSP on the EDR at the time the status code changes. The status date chart in Section V of this bulletin provides information on the applicable status date an agency should use when a TSP status code is changed.

## II. Background

When the TSP was established in 1987, the Federal Employees’ Retirement System Act of 1986 contained provisions requiring a 6 to 12 month waiting period before employees could elect to participate in the TSP and, if they were covered by FERS, before they could receive Agency Automatic (1%) and Agency Matching Contributions. The eligibility was tied to semi-annual open seasons which were established by the Board. Public Law 106-361, signed October 27, 2000, and implemented July 1, 2001, provided that new hires and rehires could elect to contribute to the TSP within 60 days of their appointments; after that, the open season rules continued to govern the ability to make contribution elections. The waiting period for agency contributions continued unchanged. Public Law 108-469, which was signed December 21, 2004, eliminated the restrictions on eligibility for employee contributions. Consequently, effective July 1, 2005, all employees became immediately eligible to begin contributing to the TSP upon hire (or rehire) and could

make elections at any time. Although the TSP eliminated the open seasons, the waiting period requirement for the agency contributions remained in effect until P.L. 111-31 was signed.

Because of the changes to the eligibility requirements over the years, and to assist agencies in error correction situations:

- A. Attachment 2 is a chart depicting when employees have been able to begin contributing their contributions to the TSP and when their agency contributions could begin.
- B. [TSP Bulletins 01-4](#), Participation in the Thrift Savings Plan (February 2, 2001) and [05-2](#), Participation in the Thrift Savings Plan (January 26, 2005), although superseded, are being retained on the TSP website for reference.

### **III. Eligibility to Participate in the TSP**

- A. All employees covered by FERS or CSRS are eligible to participate in the TSP, and they may make contribution elections at any time.
- B. As of June 22, 2009, all FERS employees are immediately eligible for agency contributions upon hire or rehire.

Transition Note: FERS employees who were in a waiting period for agency contributions when the Act was signed became eligible for agency contributions at that time. Agencies had until the first full pay period in August 2009 to implement the immediate agency contribution provision of the Act. (See Attachment 2 or [TSP Bulletin 09-8](#) for reference.)

- C. Employees covered by CSRS are not eligible to receive agency contributions.
- D. Employees appointed to positions that are not covered by FERS or CSRS (e.g., a position covered by Social Security (FICA) only) are not eligible to participate in the TSP.
- E. For more information about the TSP eligibility of reemployed annuitants, dual appointees, and employees who elect to transfer to FERS, see Attachment 1. Except as otherwise noted, these employees are subject to the same rules as all other eligible employees.

### **IV. Contribution Elections**

- A. FERS or CSRS employees may elect to start, stop, change, or resume TSP contributions at any time.
- B. Agencies must provide employees with information on their procedures for making a TSP election – in some cases, the agency may require the submission of a Form TSP-1, Election Form; in others, agencies may require use of their automated benefits systems. Regardless, agencies must make properly filed TSP

contribution elections effective no later than the beginning of the first full pay period after they receive them.

- C. When a former FERS or CSRS employee is reappointed to another FERS or CSRS position without a break in service (i.e., the employee had not been separated for more than 30 calendar days), the employee's TSP participation must resume upon reappointment. This means that the contribution election on file must be reinstated unless the employee makes a new contribution election.
- D. Employees who take a financial hardship in-service withdrawal from their TSP accounts are not eligible to contribute to the TSP for six months after the withdrawal is disbursed. Therefore, employee contributions, including catch-up contributions, must stop for the six-month non-contribution period. In addition, Agency Matching Contributions must not be made, since the employee is not eligible to contribute to the TSP during this period. Agency Automatic (1%) Contributions must continue for FERS employees during this period.

Employees are eligible to contribute to the TSP the first pay period after the end of the six-month non-contribution period. Resumption of employee contributions is not automatic; the employee must make an election to resume contributions to his or her account. [TSP Bulletin 03-14](#), dated July 3, 2003, provides information on the in-service withdrawal program.

## V. TSP Status Codes and Status Dates

### A. TSP Status Codes

The TSP status code, as reported on the Employee Data Record (EDR), reflects an employee's participation in the TSP. There are four TSP status codes, as described in the following chart. Agencies assign these codes to FERS or CSRS employees and report them on the EDRs which they submit to the TSP to establish an account or to change employee data previously submitted. (Agencies may use other codes in their internal records for TSP status as they see fit; the four codes below are the only ones that should be submitted to the TSP.)

<b>TSP Status Code</b>	<b>Agencies assign this code when the employee is:</b>
<b>E</b> Eligible for agency contribution, but not contributing	<ul style="list-style-type: none"> <li>• a FERS employee who must receive the Agency Automatic (1%) Contributions, but who is not contributing</li> </ul>
<b>Y</b> Yes, contributing to the TSP	<ul style="list-style-type: none"> <li>• a FERS employee who is contributing to the TSP and receiving agency contributions</li> <li>• a CSRS employee who is contributing to the TSP</li> </ul>

<p style="text-align: center;"><b>T</b> Terminated contributions</p>	<ul style="list-style-type: none"> <li>• a FERS or CSRS employee who elects to terminate his or her TSP contributions</li> <li>• a FERS or CSRS employee in the non-contribution period as a result of a financial hardship in-service withdrawal</li> </ul> <p>NOTE: FERS employees must receive Agency Automatic (1%) Contributions even if they elect to terminate their contributions or are not eligible to make contributions as a result of receiving a financial hardship in-service withdrawal</p>
<p style="text-align: center;"><b>I</b> Ineligible to participate in the TSP</p>	<ul style="list-style-type: none"> <li>• not eligible for the TSP but was allowed to participate in the TSP in error (e.g., an employee covered by FICA only who was erroneously classified as a FERS employee)</li> </ul>

B. TSP Status Dates

The TSP status date is the date an employee attained his or her current TSP status. Agencies assign these dates to FERS or CSRS employees, as described in the following chart, and report the dates to the TSP on EDRs.

<b>TSP Status Code</b>	<b>TSP Status Date</b>
<b>E</b>	<ul style="list-style-type: none"> <li>• If hired before June 22, 2009, the first day of the first full pay period of the month during which the FERS employee became eligible to receive agency contributions; but no later than the first full pay period in August 2009</li> <li>• Otherwise, date of hire or rehire in a FERS covered position</li> </ul>
<b>Y</b>	<ul style="list-style-type: none"> <li>• Effective date of the employee's first contribution election</li> </ul> <p>NOTE: The status date does not change if the employee submits a subsequent contribution election to change or stop his or her contributions.</p>
<b>T</b>	<ul style="list-style-type: none"> <li>• Effective date of the employee's election to terminate contributions</li> <li>• Required termination date due to receipt of a financial hardship in-service withdrawal</li> </ul>
<b>I</b>	<ul style="list-style-type: none"> <li>• Date the status code was changed to "I"</li> </ul>

## VI. Agency Responsibilities

Agencies must take the following actions to properly establish TSP accounts and submit contributions for employees. In Attachments 3 and 4, we have included sample letters which can be used by agency personnel offices to notify employees of their TSP eligibility. Be aware that when establishing a new TSP account or submitting the first EDR under the agency payroll office (e.g., in the case of a rehire), the TSP will not accept this record without the associated TSP contribution.

### A. FERS Appointments and Reappointments

1. Notify the employee that he or she is immediately eligible to make a TSP contribution election and to receive agency contributions upon hire/rehire. Agencies may adapt the sample letter in Attachment 3 for this notification.
2. If the employee does not make a contribution election,
  - a. Submit an EDR to establish the TSP account for a new hire (or to notify the TSP that the employee has been rehired). The employee's TSP status code should be "E" and the TSP status date should be the date of hire or rehire.
  - b. Begin submitting Current Payment (16) Records to report the Agency Automatic (1%) Contributions.
3. If the employee makes a contribution election, then the election must become effective **no later than** the first full pay period after it has been received by the agency.
  - a. Submit an EDR to establish the TSP account or to update the employee's participation information, as appropriate. The TSP status code should be "Y" and the TSP status date should be determined based on the chart in Section V above.
  - b. Begin submitting Current Payment (16) Records to report the employee, Agency Automatic (1%), and Agency Matching Contributions.

### B. CSRS Reappointments

1. Notify the employee of his or her eligibility to make a TSP contribution election. Agencies may adapt the sample letter provided in Attachment 4 of this bulletin for this purpose.
2. If the employee makes a contribution election, then the election must be made effective **no later than** the first full pay period after it has been received.

- a. Submit an EDR to establish the TSP account or to reflect the rehire. The TSP status code must be “Y,” and the TSP status date should be determined based on the chart in Section V.
- b. Begin submitting Current Payment (16) Records to report employee contributions.

C. Transfers or Reappointments with No Break in Service

1. When a FERS or CSRS employee transfers to a FERS or CSRS position in another Federal agency (or if the employee changes payroll offices), the employee’s TSP participation must continue without interruption.
2. When a former FERS or CSRS employee is reappointed to another FERS or CSRS position and the employee did not have a break in service for TSP purposes (i.e., the employee had not been separated for more than 30 calendar days), the employee’s TSP participation must resume upon reappointment.
3. If the employee had a valid contribution election on file with the losing/former agency (or payroll office), the gaining agency must use it to continue or resume the employee’s TSP contributions. The employee (like all other employees) may make a new contribution election at any time. If the employee’s eligibility to contribute at the previous agency was terminated due to receipt of a financial hardship in-service withdrawal and he or she is still within the six-month non-contribution period, the termination of employee contributions must continue through the end of the six-month period.
4. The TSP status date should be determined based on [Section V](#) of this bulletin. Agencies unable to code a past date in their systems should use the date of rehire or transfer to the agency.

D. Conversion to a Covered Position

When an employee is hired into a position that does not allow coverage under FERS or CSRS (or equivalent retirement systems) the employee is not eligible to participate in the TSP or receive agency contributions. However, if an agency later processes a personnel action to convert the employee to a position which entitles him or her to coverage under FERS or CSRS, the agency must take the appropriate actions described in section A or B above as of the date of the conversion to the covered position.

## **VII. Other Provisions of the Thrift Savings Plan Enhancement Act of 2009**

The additional provisions of the Act, including automatic enrollment in the TSP and the TSP Roth 401(k) feature, do not have implementation dates. We will begin working with the agency personnel and payroll office representatives on these two provisions once we have completed the immediate agency contributions project.



Information about the other provisions of the Act that do not require agency action (e.g., the implementation of spouse beneficiary accounts) will be provided as they are introduced by the TSP.



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Director  
Office of Participant Services

Attachments: [Eligibility of Special Groups](#)  
[Chart – Eligibility Dates for Employee and Agency and Contributions](#)  
[Sample letter – FERS New/Rehire](#)  
[Sample letter – CSRS](#)

## Eligibility of Special Groups

This attachment contains additional information regarding the TSP eligibility of special groups. These groups are: (1) reemployed annuitants, (2) dual appointees, and (3) employees who elect to transfer to FERS.

### I. Reemployed Annuitants

For purposes of this bulletin, a “reemployed annuitant” means an individual who is rehired by the Federal Government and who continues to receive basic retirement benefits from CSRS or FERS.

- A. If a reemployed annuitant is performing service covered by FERS or CSRS (i.e., the appointment is made pursuant to 5 U.S.C. § 8468 or § 8344(a), respectively), the reemployed annuitant is eligible to participate in the TSP. Agency contributions for a FERS reemployed annuitant must begin with the effective date of the reappointment to the FERS position as discussed in Section VI (A) of this bulletin. The reemployed annuitant may make contribution elections as discussed in Section III of this bulletin.
- B. If a reemployed annuitant is not performing covered service (e.g., a FERS annuitant who is reemployed on an intermittent basis or an annuitant authorized to receive full salary and full annuity under P.L. 101-509 or the National Defense Authorization Act of 2004), the reemployed annuitant is not eligible to participate in the TSP.
- C. Generally, reemployed annuitants are performing covered service. In most cases, if the annuitant indicator on the Standard Form (SF)-50, Nature of Action, is coded “1,” “4,” or “5,” the reemployed annuitant is eligible to participate in the TSP. In the case of a FERS reemployed annuitant, this will be reflected in the retirement code (which indicates FERS) because the annuitant is required to have FERS deductions taken from pay.

In the case of a CSRS reemployed annuitant, however, this may not be reflected in the retirement code because the annuitant may not be required to have CSRS retirement deductions taken from pay. Consequently, the retirement code of a CSRS reemployed annuitant may be “4” (i.e., none), though the annuitant is performing service covered by CSRS and is therefore eligible to participate in the TSP.<sup>1</sup>

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<sup>1</sup> The Office of Personnel Management (OPM) administers CSRS and FERS. Accordingly, OPM, not the Federal Retirement Thrift Investment Board, regulates CSRS and FERS coverage, deductions, and retirement codes. Agency representatives who have questions about these issues should contact their Agency Retirement Counselor or OPM, as appropriate.

- D. See [TSP Bulletin 05-17](#), dated November 30, 2005, for information regarding the basic pay used to determine TSP contributions of eligible reemployed annuitants.

## **II. Dual Appointees**

- A. If an employee covered by FERS or CSRS receives a second, simultaneous (dual) appointment, the employee is eligible to participate in the TSP under each appointment **if** the employee's retirement coverage continues under the second appointment. If the retirement coverage continues, the employee's TSP participation continues under the second appointment, as discussed in C below.
- B. If the employee's retirement coverage does not continue under the second appointment, the employee is not eligible to participate in the TSP under the second appointment.<sup>2</sup>
- C. When the appointments are made by two different Federal agencies or appointing authorities, the following rules apply:
1. Each agency must use only the basic pay the employee earns in the respective agency to determine TSP contributions.<sup>3</sup>
  2. If the employee is covered by FERS, each agency must make Agency Automatic (1%) Contributions to the employee's account. If the employee has elected to contribute, the agency must also make Matching Contributions.
  3. If the employee has received a financial hardship in-service withdrawal, both agencies must terminate employee contributions to the TSP during the six-month non-contribution period. At the end of the six-month period, the employee may make separate elections with each agency to begin to contribute to the TSP.

## **III. Transfer to FERS**

- A. Employees who elect to transfer to FERS are immediately eligible to receive agency contributions. They may make TSP contribution elections at any time, as discussed in Section III of this bulletin.

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<sup>2</sup> The continuation of retirement coverage is regulated by OPM under 5 C.F.R. parts 842 and 831. In most cases, the regulations require an employee's retirement coverage to continue under the second appointment.

<sup>3</sup> See [TSP Bulletin 05-17](#) for more information about basic pay.

B. When an employee elects to transfer to FERS, the agency's payroll office must take the following actions:

1. Submit an Employee Data (06) Record to establish the account or to reflect the changed retirement code.
2. Begin submitting Current Payment (16) Records to report the Agency Automatic (1%) Contributions or, if the employee is making contributions, contributions for all three sources (Employee, Agency Automatic (1%), and Agency Matching).

The Agency Automatic (1%) Contributions must begin the pay period when the transfer to FERS becomes effective. If the employee is making employee contributions when the transfer to FERS becomes effective, the Agency Matching Contributions must also begin the pay period when the transfer becomes effective.

3. If the employee electing FERS coverage received a financial hardship in-service withdrawal and is in his or her six-month non-contribution period, he or she may not make an election to contribute to the TSP when the FERS election becomes effective and may not receive Agency Matching Contributions until the end of the non-contribution period. The employee may make an election to contribute to the TSP and receive Agency Matching Contributions after the six-month non-contribution period ends. The agency must deposit the Agency Automatic (1%) Contributions effective the date of the FERS election.



## Eligibility Dates for TSP Employee and Agency Contributions

If FERS employment begins:	Eligible to make employee contributions begins the first full pay period in:	Eligible for Agency contributions begins the first full pay period in:
On or before January 1, 1987	April 1987	April 1987
January 2, 1987 – June 30, 1987	January 1988	January 1988
July 1, 1987 – December 31, 1987	July 1988	July 1988
January 1, 1988 – June 30, 1988	January 1989	January 1989
July 1, 1988 – December 31, 1988	July 1989	July 1989
January 1, 1989 – June 30, 1989	January 1990	January 1990
July 1, 1989 – December 31, 1989	July 1990	July 1990
January 1, 1990 – June 30, 1990	January 1991	January 1991
July 1, 1990 – December 31, 1990	July 1991	July 1991
January 1, 1991 – June 30, 1991	January 1992	January 1992
July 1, 1991 – December 31, 1991	July 1992	July 1992
January 1, 1992 – June 30, 1992	January 1993	January 1993
July 1, 1992 – December 31, 1992	July 1993	July 1993
January 1, 1993 – June 30, 1993	January 1994	January 1994
July 1, 1993 – December 31, 1993	July 1994	July 1994
January 1, 1994 – June 30, 1994	January 1995	January 1995
July 1, 1994 – December 31, 1994	July 1995	July 1995
January 1, 1995 – June 30, 1995	January 1996	January 1996
July 1, 1995 – December 31, 1995	July 1996	July 1996
January 1, 1996 – June 30, 1996	January 1997	January 1997
July 1, 1996 – December 31, 1996	July 1997	July 1997
January 1, 1997 – June 30, 1997	January 1998	January 1998

<b>If FERS employment begins:</b>	<b>Eligible to make employee contributions begins the first full pay period in:</b>	<b>Eligible for Agency contributions begins the first full pay period in:</b>
July 1, 1997 – December 31, 1997	July 1998	July 1998
January 1, 1998 – June 30, 1998	January 1999	January 1999
July 1, 1998 – December 31, 1998	July 1999	July 1999
January 1, 1999 – June 30, 1999	January 2000	January 2000
July 1, 1999 – December 31, 1999	July 2000	July 2000
January 1, 2000 – June 30, 2000	January 2001	January 2001
July 1, 2000 – December 31, 2000	July 2001	July 2001
January 1, 2001 – June 30, 2001	July 2001	January 2002
July 1, 2001 – December 31, 2001	Election can be made 60 days from date of hire	July 2002
January 1, 2002 – June 30, 2002	Election can be made 60 days from date of hire	December 2002
July 1, 2002 – November 30, 2002	Election can be made 60 days from date of hire	June 2003
December 1, 2002 – May 31, 2003	Election can be made 60 days from date of hire	December 2003
June 1, 2003 – November 30, 2003	Election can be made 60 days from date of hire	June 2004
December 1, 2003 – May 31, 2004	Election can be made 60 days from date of hire	December 2004
June 1, 2004 – November 30, 2004	Election can be made 60 days from date of hire	June 2005
December 1, 2004 – May 31, 2005	Election can be made 60 days from date of hire	December 2005
June 1, 2005 – June 30, 2005	Election can be made 60 days from date of hire	June 2006
July 1, 2005 – November 30, 2005	Eligible at any time	June 2006
December 1, 2005 – May 31, 2006	Eligible at any time	December 2006
June 1, 2006 – November 30, 2006	Eligible at any time	June 2007
December 1, 2006 – May 31, 2007	Eligible at any time	December 2007
June 1, 2007 – November 30, 2007	Eligible at any time	June 2008
December 1, 2007 – May 31, 2008	Eligible at any time	December 2008
June 1, 2008 – November 30, 2008	Eligible at any time	June 2009

<b>If FERS employment begins:</b>	<b>Eligible to make employee contributions begins the first full pay period in:</b>	<b>Eligible for Agency contributions begins the first full pay period in:</b>
December 1, 2008 – June 22, 2009	Eligible at any time	Effective June 22, 2009, eligible immediately but no later than the first full pay period in August 2009 <sup>1, 2</sup>
On or after June 22, 2009	Eligible at any time	Eligible immediately <sup>1, 2</sup>

<sup>1</sup> As a result of the Thrift Savings Plan Enhancement Act of 2009 that was signed into law on June 22, 2009, FERS employees who are newly hired or rehired on or after June 22, 2009, and FERS employees who are currently employed and waiting until the second election period to become eligible for agency contributions (i.e., employees hired on or after December 1, 2008) are immediately eligible to receive Agency contributions.

<sup>2</sup> The Federal Retirement Thrift Investment Board (FRTIB) Executive Director has given employing agencies until the first full pay period in August 2009 to implement this regulation pursuant to his authority to prescribe such regulations as may be necessary for the administration of the Thrift Savings Plan, (5 U.S.C. 8474(b)(5)), to include section 8432 (id.) and as may be necessary to carry out his responsibilities as Executive Director (5 U.S.C. 8474(b)(5)).

## SAMPLE LETTER FOR FERS NEW HIRE/REHIRE

Please note the information in [square brackets] must be furnished by the agency as indicated. Instructions to the agency are set forth in {curly brackets}. A text copy of this letter can be found under the Agency Resources section of the TSP Web site or by clicking [here](#).

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As a result of your [appointment/reappointment] to a position covered by the Federal Employees' Retirement System (FERS), you are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for Federal employees and is one of the three parts of the FERS retirement package (along with the Basic Annuity and Social Security). Your TSP contributions are deducted from the pay you earn each pay period and are tax deferred for purposes of Federal and, in most cases, state income tax.

### Agency Contributions

Effective the first full pay period upon [hire/rehire], the [insert agency name] will begin making agency contributions to your TSP account each pay period. Whether or not you are contributing your own money, each pay period you will begin receiving Agency Automatic (1%) Contributions that will equal 1% of the basic pay you earn for the pay date. If you are making employee contributions, you will also begin receiving Agency Matching Contributions to your TSP account. The first 3% of pay that you contribute each pay date will be matched dollar for dollar, and the next 2% that you contribute will be matched 50 cents on the dollar. Your agency contributions will be invested according to the contribution allocation on file with the TSP on the date the contributions are posted to your account.

### Employee Contributions

You may elect to begin contributing to your TSP account at any time. To make a contribution election, complete the [attached] Form TSP-1 (Election Form) and return it to [insert office name]. {If employees may, or must, make electronic contribution elections, revise this sentence accordingly and provide the employee with instructions on how to make this TSP election.} You may specify a whole percentage of basic pay that you want to contribute each pay period, or you may specify a whole dollar amount. Whether you specify a percentage or dollar amount of your pay, your total contributions for the year cannot exceed the IRS elective deferral limit for the year. The limit for [insert year] is \$[insert maximum IRS elective deferral limit]. (Your contributions for the year will stop if you reach the IRS elective deferral limit.) Your contribution election will remain in effect until you make another election to change the amount of your contributions or to stop them.



You should ensure that you are contributing at least 5% of your basic pay each pay date during the year in order to receive all of the Agency Matching Contributions for which you are eligible. If you reach the IRS limit early in the year, the TSP will not allow you to continue to contribute and you will not receive the additional Agency Matching Contributions for the remaining pay dates in the year. The TSP has a calculator on its Web site ([www.tsp.gov](http://www.tsp.gov)) to assist you in planning to maximize your employee and Agency Matching Contributions each year.

### **{Optional Paragraph to Insert for Age Eligible Employees}**

If you are age 50 or older or will turn age 50 by the end of this year, you may make an additional election to contribute catch-up contributions. This is a separate election that will request your agency to deduct additional tax-deferred TSP contributions from your pay. To make catch-up contributions, complete the [attached] Form TSP-1-C (Catch-up Contribution Election Form) and return it to [insert office name]. {If employees may, or must, make electronic catch-up contribution elections, revise this sentence accordingly and provide the employee with instructions on how to make this TSP election.} You must elect a whole dollar amount from your basic pay each pay date. The maximum amount you may contribute in catch-up contributions this year is \$[insert maximum catch-up for the year]. This amount of tax-deferred contributions is in addition to the amount you may contribute through the regular TSP election discussed in the paragraph above. You will not receive Agency Matching Contributions on the amount you elect to contribute through catch-up contributions. Your catch-up contribution election will remain in effect either until you make another election to change the amount of or stop your contributions, or until the last pay date of the calendar year. You must make a new election to contribute catch-up contributions each year.

### Establishing Your TSP Account

Your agency will submit the data and contributions to establish your TSP account. This will occur at the time when you receive your pay for the applicable pay date agency contributions begin. Once your account is established, the TSP will send you a new account letter, a TSP account number, a password, and a Personal Identification Number (PIN).

### Contribution Allocations

You may invest your contributions in any of the ten TSP investment funds. To direct the investment of the contributions which will be made to your TSP account each pay period, you must request a contribution allocation. After the TSP record keeper notifies you that your account has been established, you may request a contribution allocation at any time.

To request a contribution allocation, use the TSP Web site ([www.tsp.gov](http://www.tsp.gov)), the ThriftLine (1-877-968-3778), or Form TSP-50 (Investment Allocation). If you use the Web site, you will need your TSP account number and password. If you use the ThriftLine, you will need your TSP account number and PIN. If you use Form TSP-50, you should not submit the form until you receive the new account letter from the TSP because the form will be rejected if your account has not been established.

### Interfund Transfers

You may also use the TSP Web site, the ThriftLine, or Form TSP-50 to request an interfund transfer. An interfund transfer will change the way you choose to invest your account balance (i.e., money already in your account). You may request an interfund transfer at any time. However, there are some restrictions. Please note that an interfund transfer is different from a contribution allocation, which changes only the way you choose to invest future contributions to your account. If you want to change the way you choose to invest both your account balance and future contributions to your account, you must request both an interfund transfer and a contribution allocation.

### Additional Information

The [\*Summary of the Thrift Savings Plan\*](#) explains the TSP. The TSP website also contains detailed information about the TSP as well as most TSP products and forms. When you enter your TSP account number and password, you can also obtain information about your account. You may want to visit the site to obtain general information about the TSP before you make a contribution election.

### Questions

If you have any questions about the TSP and your participation, contact [insert agency contact and other information, as appropriate].

## SAMPLE LETTER FOR CSRS REHIRE

Please note the information in [square brackets] must be furnished by the agency as indicated. Instructions to the agency are set forth in {curly brackets}. A text copy of this letter can be found under the Agency Resources section of the TSP Web site or by clicking [here](#).

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As a result of your appointment to a position covered by the Civil Service Retirement System (CSRS), you are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for Federal employees and is a supplement to CSRS. Your TSP contributions are deducted from the pay you earn each pay period and are tax deferred for purposes of Federal and, in most cases, state income tax.

### Employee Contributions

You may elect to begin contributing to your TSP account at any time. To make a contribution election, complete the [attached] Form TSP-1 (Election Form) and return it to [insert office name]. {If employees may, or must, make electronic contribution elections, revise this sentence accordingly and provide the employee with instructions on how to make this TSP election.} You may specify a whole percentage of basic pay that you want to contribute each pay period, or you may specify a whole dollar amount. Whether you specify a percentage or dollar amount of your pay, your total contributions for the year cannot exceed the IRS elective deferral limit for the year. The limit for [insert year] is \$[insert maximum IRS elective deferral limit]. (Your contributions for the year will stop if you reach the IRS elective deferral limit.) Your contribution election will remain in effect until you make another election to change the amount or to stop your contributions.

### **{Optional Paragraph to Insert for Age Eligible Employees}**

If you are age 50 or older or will turn age 50 by the end of this year, you may make an additional election to contribute to the TSP by contributing catch-up contributions. This is a separate election to the TSP that will request your agency to deduct additional tax-deferred TSP contributions from your pay. To make catch-up contributions, complete the [attached] Form TSP-1-C (Catch-up Contribution Election Form) and return it to [insert office name]. {If employees may, or must, make electronic catch-up contribution elections, revise this sentence accordingly and provide the employee with instructions on how to make this TSP election.} You must elect a whole dollar amount from your basic pay each pay date. The maximum amount you may contribute through catch-up contributions this year is \$[insert maximum catch-up for the year]. This amount of tax-deferred contributions is in addition to the amount you may contribute through the regular TSP election discussed in the paragraph above. Your catch-up election will remain in effect either until you make another election to change the amount of or stop your contributions, or until the last pay date of the calendar year. You must make a new election to contribute catch-up contributions each year.

## Establishing Your TSP Account

Your agency will submit the data and contributions to establish your TSP account. This will occur at the time you begin to contribute to the TSP. Once your account is established, the TSP will send you a new account letter, a TSP account number, a password, and a Personal Identification Number (PIN).

## Contribution Allocations

You may invest your contributions in any of the ten TSP investment funds. To direct the investment of the contributions which will be made to your TSP account each pay period, you must request a contribution allocation. After the TSP record keeper notifies you that your account has been established, you may request a contribution allocation at any time.

To request a contribution allocation, use the TSP Web site ([www.tsp.gov](http://www.tsp.gov)), the ThriftLine (1-877-968-3778), or Form TSP-50 (Investment Allocation). If you use the Web site, you will need your TSP account number and password. If you use the ThriftLine, you will need your TSP PIN. If you use Form TSP-50, you should not submit the form until you receive a new account letter from the TSP because the form will be rejected if your account has not been established.

## Interfund Transfers

You may also use the Web, the ThriftLine, or Form TSP-50 to request an interfund transfer. An interfund transfer will change the way you choose to invest your account balance (i.e., money already in your account). You may request an interfund transfer at any time. However, there are some restrictions. Please note that an interfund transfer is different from a contribution allocation, which changes only the way you choose to invest future contributions to your account. If you want to change the way you choose to invest both your account balance and future contributions to your account, you must request both an interfund transfer and a contribution allocation.

## Additional Information

The *[Summary of the Thrift Savings Plan](#)* explains the TSP. The TSP website also contains detailed information about the TSP as well as most TSP products and forms. When you enter your TSP account number and password, you can also obtain information about your account. You may want to visit the site to obtain general information about the TSP before you make a contribution election.

## Questions

If you have any questions about the TSP and your participation, contact [insert agency contact and other information, as appropriate].