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Agriculture

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Title: 5, United States Code  
Chapter: 84, Federal Employees' Retirement System, Subchapter III, Thrift Savings Plan  
Bulletin: 87-15, Order of Precedence for Thrift Savings Plan Deductions  
Date: February 24, 1987  
To: TSP Agency Payroll Office Representatives  
TSP Agency Personnel Office Representatives  
TSP Automated Data Processing Representatives

The purpose of this bulletin is to provide agency offices guidance regarding the appropriate category in the order of precedence for the Thrift Savings Plan (TSP) deductions.

The General Accounting Office (GAO) has confirmed that "other voluntary deductions" is the appropriate category in the order of precedence for TSP deductions. Agencies may determine the order of precedence of other voluntary deductions, including allotments and assignments. In making this determination, the Federal Retirement Thrift Investment Board encourages agencies to consider the importance of TSP participation to the employee's retirement benefits package.

The employee's TSP deduction, while in the last category of the order of precedence, must be computed first so that Federal income tax withholding amount can be computed on gross taxable salary minus the employee's deduction for the TSP. Where State and local tax laws permit the exclusion of 401 (K) plan deductions from taxable income, the State and local tax withholding amounts should be computed using the same basis as the Federal income tax withholding amounts. To determine the status of this exclusion, payroll offices should contact the appropriate authorities in the localities which they service.

  
CLYDE G. McSHAN, II  
Director

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