

For: FAS, FSA, and RMA Employees

Elimination of Thrift Savings Plan (TSP) Open Seasons

Approved by: Deputy Administrator, Management



1 Overview

A Background

Pub. L. 108-469, signed into law December 21, 2004, eliminates TSP open seasons and the restrictions on contribution elections that are tied to the open seasons. However, the law does not eliminate the waiting period that certain employees must serve before they are eligible to receive agency contributions.

B Purpose

This notice:

- announces the elimination of TSP open seasons effective July 1, 2005
- provides information on new waiting periods for agency contributions.

2 Eligibility

A Employees Eligible and Effective Date

All employees with retirement coverage are eligible to contribute to TSP. Effective July 1, 2005, participants can elect to start, stop, change, or resume contributions at anytime.

Elections shall become effective at the beginning of the first full pay period after they are processed electronically or received by the Servicing Personnel Office (SPO).

Disposal Date	Distribution
July 1, 2006	All FFAS employees; State Offices relay to County Offices

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2 Eligibility (Continued)

B Agency Contributions and Matching Funds

Employees covered by the Federal Employees' Retirement System (FERS) and the Foreign Service Pension System (FSPS) are eligible to receive an automatic agency 1 percent and agency matching contributions after they serve the required waiting period identified in subparagraph C.

Note: Employees who were previously eligible to receive agency contributions are not required to serve another waiting period to receive agency contributions, but should receive them immediately upon re-entry to a retirement covered position.

If FERS/FSPS employees elect to contribute, they will receive matching contributions at the rate of a dollar for dollar on the first 3 percent of their contribution and 50 cents on each dollar for the next 2 percent. Eligible employees will receive the automatic agency 1 percent after the waiting period regardless of whether they contribute to TSP.

Civil Service Retirement System (CSRS) and Foreign Service Retirement and Disability System (FSRDS) covered employees are not eligible for agency contributions.

C Required Waiting Periods

Newly hired FERS/FPSP employees who were not previously eligible for agency contributions must serve the waiting periods described in this table before there are eligible to receive agency contributions to their TSP accounts.

IF the employee is first hired...	THEN the employee receives the agency contribution...
June 1 through November 30	the first full pay period of the following June.
December 1 through May 31	the first full pay period of the following December.

2 Eligibility (Continued)

D Contribution Limits

The TSP contribution limits of 10 percent for CSRS employees and 15 percent for FERS employees remain in effect through tax year 2005. These limits will be removed for tax year 2006 and employee's contributions will become subjected to the elective deferral limit in effect for the current tax year.

FERS employees should be extra careful to avoid reaching the Internal Revenue Service (IRS) elective deferral to early in the tax year that may result in the loss of agency automatic and matching funds.

E IRS Elective Deferral Limit

The total amount that an employee may elect in regular TSP contributions each year is capped by an IRS elective deferral limit. The elective deferral limit for tax year 2005 is \$14,000. The TSP system **will not** process a contribution that will cause the total amount of regular TSP contributions to exceed the elective deferral limit for the tax year.

However, employees eligible for catch-up contributions may elect to contribute up to an additional \$4,000 in tax year 2005. Tax year 2005 withholdings begin with the salary for pay period 25 of leave year 2004 and **will end** with pay period 24 of leave year 2005.

3 Processing a TSP Election

A Employee Action

To enroll, change the amount of the contribution, or stop the contribution, the employee should:

- process it through the National Finance Center - Employee Personal Page (NFC-EPP)

Note: A personal identification number (PIN) is required to access NFC-EPP at <http://www.nfc.usda/gov>.

- complete TSP-1 and submit it to SPO.

Note: If processing the change using NFC-EPP, TSP-1 should not be sent to SPO.

3 Processing a TSP Election (Continued)

B SPO Action

When appointing a FERS/FSPS employee who has not been previously eligible to receive agency contributions, each SPO must:

- determine when the employee will become eligible to receive agency contributions
- enter TSP eligibility when processing accession action in ICAMS
- notify the employee of his or her eligibility to make a TSP election

Note: Use the sample letter attached to TSP Bulletin 05-22 found at www.tsp.gov.

- process TSP-1's received effective the first day of the pay period following receipt.

4 TSP Investment Funds

A Types of Investment Funds

Eligible employees may invest all or any portion of their future TSP contributions in any of the following 5 investment funds:

- C Fund, Common Stock Index Investment Fund
- F Fund, Fixed Income Index Investment Fund
- G Fund, Government Securities Investment Fund
- I Fund, International Stock Index Investment Fund
- S Fund, Small Capitalization Stock Index Investment Fund.

Allocation of contributions among the 5 investment funds may be made in 1 percent increments. See TSP Summary Booklet for more information on the investment funds.

B How to Allocate Investment Funds

To allocate contributions among the 5 investments funds, employees should:

- access the TSP Toll-Free Thriftline at 1-877-968-3778, using their TSP PIN
- use the TSP web site, <http://www.tsp.gov>, using their TSP PIN
- complete an original TSP-50 (copies are **not** accepted) and mail directly to TSP.

A change in the allocation of future contributions may be done at anytime using 1 of the methods in this subparagraph. Using the TSP web site is the most efficient way and highly encouraged.

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4 TSP Investment Funds (Continued)

C Allocating the Agency Contributions

FERS/FSPS employees who are not contributing to TSP, but are receiving the agency automatic 1 percent contribution, may invest all or any portion of the agency automatic 1 percent contribution in any of the 5 investment funds using 1 of the methods in subparagraph B.

5 Contacts

A National Office Contacts

National Office employees shall contact the appropriate office according to this table for additional information.

IF employee needs to...	THEN...
obtain TSP forms or publications	<ul style="list-style-type: none">• download from TSP's Web site at www.tsp.gov• go to Room 5700A, L St.• contact HRD, Domestic Operations Branch (DOB), Services Unit at 202-418-9135 or 202-418-9136.
verify TSP election processed	<ul style="list-style-type: none">• review the leave and earnings statement for the effective pay period• check NFC-EPP• contact HRD, DOB, Services Unit at 202-418-9135 or 202-418-9136.
obtain policy information or guidance about TSP	<ul style="list-style-type: none">• contact HRD, Performance Management, Benefits, and Awards Branch (PMBAB) at 202-418-9021• visit TSP's Web site at www.tsp.gov.

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5 Contacts (Continued)

B Field Office Contacts

Federal and Field Office employees shall contact the appropriate office according to this table for additional information.

Location	Contact
<ul style="list-style-type: none">• Kansas City FSA Complex• RMA Kansas City Offices• St. Louis Office	Kansas City Human Resources Office, Classification and Organization Section at 816-926-6225
<ul style="list-style-type: none">• RMA Regional Service and Compliance Offices (except Kansas City)• FAS Overseas Posts	<ul style="list-style-type: none">• Darla Henlsey, HRD, PMBAB at 202-418-9021• Susan Brown, HRD, PMBAB at 202-418-9039
State Office	State Administrative Office
County Office	State Administrative Office