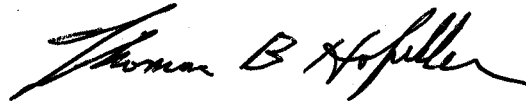


For: FFAS Employees

**Thrift Savings Plan (TSP) Updates**

Approved by: Associate Administrator for Operations and Management



**1 Overview**

**A Background**

TSP is:

- a retirement benefit that is offered to U.S. Government employees who are covered by the Federal Employees’ Retirement System (FERS), Foreign Service Pension System (FSPS), Civil Service Retirement System (CSRS), CSRS Offset, Foreign Service Retirement and Disability System (FSRDS), and FSRDS Offset
- similar to “401(k)” plans, available to many private sector employees, that allow participants to make **before**-tax contributions and to invest in a long-term savings and investment plan.

**B Purpose**

This notice provides:

- updates to TSP for tax year 2009
- information on other recent TSP changes.

Tax year 2009 contributions begin with withholdings from salary payments for leave year 2008, pay period 26 and will end with salary for leave year 2009, pay period 25. This allows 26 pay periods over which to spread TSP contributions for the tax year.

<b>Disposal Date</b>	<b>Distribution</b>
May 1, 2009	All FAS, FSA, and RMA employees; State Offices relay to County Offices

## 2 Tax Year 2009 Contribution Limits

### A Restrictions on Employee Contributions

There are no longer any percentage limitations on employee TSP contributions. However, employee contributions remain subject to the limitations imposed by the Internal Revenue Code (IRC) (see subparagraph B).

Participants may elect or change TSP contribution at anytime, and should specify contributions in either of the following:

- whole percentages of their basic pay
- a specific whole dollar amount for each pay period.

### B IRC Elective Deferral Limit for Tax Year 2009

IRC, Section 402(g) limits the amount of income a participant may elect to defer during the tax year. The elective-deferral limit for tax year 2009 is \$16,500. The \$16,500 limit applies to employee's regular TSP contributions. The payroll system will **not** allow employee contributions to exceed the \$16,500 limit.

**Note:** If participant FERS or FSPS contributions stop, agency **matching** contributions also stop. Employees should avoid reaching the \$16,500 limit too early so as **not** to lose matching contributions.

### C TSP Catch-Up Contributions for Tax Year 2009

Employees eligible for TSP catch-up may elect to contribute up to an additional \$5,500 in tax year 2009. Withholdings for tax year 2009 begin with the salary payment for leave year 2008, pay period 26 and will end with leave year 2009, pay period 25. To be eligible for catch-up contributions, a participant **must**:

- be in a pay status
- be at least 50 years old in the tax year (even if 50th birthday is December 31)
- certify that they will make (or have made) the maximum regular TSP employee contributions (\$16,500) by the end of tax year 2009.

**Note:** Participants who are in a 6-month non-contribution period, after receiving a financial hardship in-service withdrawal, are **not** eligible for catch-up contributions.

Like regular TSP contributions, catch-up contributions are made on a pre-tax basis, which means they are taken from basic pay **before** Federal and, in almost all cases, State income taxes, and; therefore, can **only** be made by payroll deduction.

Catch-up contributions do **not** receive matching Government contributions so can be made **at anytime in the tax year**.

**3 TSP General Information**

**A Agency Contributions and Matching Funds**

Employees covered by FERS and FSPS are eligible to receive an automatic agency 1 percent and agency matching contributions **after** serving the required waiting period (see subparagraph B).

**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 or FSPS employees elect to contribute to TSP, they will receive matching contributions at the rate of \$1 for \$1 on the first 3 percent of their contribution and 50 cents for each \$1 for the next 2 percent. Eligible employees will also receive an **automatic agency 1 percent** contribution after the waiting period, **whether or not** they contribute to TSP.

**Note:** CSRS and FSRDS covered employees are **not** eligible for agency contributions.

**B Required Waiting Period for Matching Funds**

Newly hired FERS or FSPS employees who were **not** previously eligible for agency contributions **must** serve following the waiting periods **before** they are eligible to receive agency contributions to their TSP accounts.

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

**C Revised TSP Booklets, Forms, and Fact Sheets**

Several TSP booklets, forms, and fact sheets have recently been revised. Updated information should be downloaded from **www.tsp.gov**. Updated items under “Forms and Publications” include, but are **not** limited to the following:

- TSP-1, “TSP Election Form”
- TSP-1-C, “TSP Catch-up Contribution Election Form”
- TSPBK11, “Court Orders and Powers of Attorney”
- TSPBK12, “In-Service Withdrawals”
- TSPBK30, “Managing Your Account”
- TSPBK31, “Death Benefits for Participants and Beneficiaries”
- OC-03-03, TSP Fact Sheet, “Catch-up Contributions”
- OC-06-5, TSP Fact Sheet, “Is the TSP Offering a Roth 401 (K) Plan”.

Servicing Personnel Offices (SPO’s) should go to **www.tsp.gov** to obtain the most recent TSP booklets and forms to provide to newly hired employees who are eligible to participate in TSP.

## 4 Processing TSP Elections

### A Employee Action

Employees may make changes to their TSP contributions amounts at any time. Employees are encouraged to use the Employee Personal Page (EPP) Self-Service feature to process **all** TSP elections. To enroll, change contribution amounts, or stop contributions, employees should log into NFC's web site at **www.nfc.usda.gov**, and do the following:

- on the Security Information dialog box, CLICK “**Yes**”
- on the NFC Home Page, under Application Launchpad, CLICK “**My EPP**” icon
- on the Warning Screen, CLICK “**Accept**”
- on EPP Home Page, CLICK “**eAuth Login**”
- on eAuthentication Warning Screen, CLICK “**Continue**”
- sign in with employee's eAuthentication user ID and password
- on MyEPP Home Page, CLICK “**Self-Service**” tab
- on Self-Service Page, CLICK “**Thrift Savings Plan (TSP)**”.

Complete TSP-1 and submit to SPO.

**Note:** If processing changes using EPP, TSP-1's should **not** be sent to SPO.

### B SPO Action

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

- determine when the employee will become eligible to receive agency contributions
- when processing accession action, enter TSP eligibility
- notify employee of his or her eligibility to make TSP election using sample letter attached to TSP Bulletin 05-02 found at **www.tsp.gov**
- process TSP-1's received effective the first day of the pay period following receipt.

## 5 TSP Investments Funds

### A The Lifecycle (L) Funds

L funds are invested according to a professionally designed mix of stocks, bonds, and Government securities. Employees select L Fund based on their “time horizon”; that is when the employee will need the money after leaving Federal service. The five L Funds are “L2040”, “L2030”, “L2020”, “L2010”, and “L Income”.

## 5 TSP Investments Funds (Continued)

### B Individual Funds

Employees may invest all or any portion of their future TSP contributions in any or all of the investment funds:

- “Common Stock Index Investment”, (C)
- “Fixed Income Index Investment”, (F)
- “Government Securities Investment”, (G)
- “International Stock Index Investment”, (I)
- “Lifecycle”, (L)
- “Small Capitalization Stock Index Investment”, (S).

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

### C Allocating Investment Funds

To allocate contributions among any of the investments funds, employees should do any of the following:

- access TSP’s web site at [www.tsp.gov](http://www.tsp.gov)
- call TSP’s toll-free Thriftline at 1-877-968-3778, using their TSP personal ID number (PIN)

**Note:** TSP provides account numbers and PIN’s to all TSP participants when employees begin contributing.

- complete original TSP-50 (copies are **not** accepted) and mail directly to the TSP address provided on TSP-50.

Changes to investment allocations or inter-fund transfers of current allocations may be done at anytime using any of the methods in this subparagraph. Using TSP’s web site is the most efficient way and highly encouraged.

### D Making Interfund Transfers (IFT’s)

Employees may elect to redistribute all or part of their existing account balance among the TSP funds. An IFT does **not** affect the way future contributions are allocated. Employees may make 2 IFT’s per month to redistribute money in their TSP account among any or all TSP funds. After 2 IFT’s, for the remainder of the month an IFT can **only** move money in G fund.

Follow the instruction in subparagraph C to make IFT’s.

**Notice PM-2684**

**6 Contacts**

**A National Office Contacts**

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

<b>IF employee needs to...</b>	<b>THEN do any of the following...</b>
obtain TSP forms or publications	<ul style="list-style-type: none"> <li>• download from the internet at <b>www.tsp.gov</b></li> <li>• go to 1280 Maryland Ave, 4<sup>th</sup> Floor Portals Bldg</li> <li>• contact HRD, Personnel and Payroll Operations Section (PPOS) at 202-401-0674 or 202-401-0677.</li> </ul>
verify TSP election processed	<ul style="list-style-type: none"> <li>• review leave and earnings statement for the effective pay period</li> <li>• check NFC EPP</li> <li>• contact HRD, PPOS at 202-401-0674 or 202-401-0677.</li> </ul>
obtain policy information or guidance about TSP	<ul style="list-style-type: none"> <li>• visit TSP's web site at <b>www.tsp.gov</b></li> <li>• contact HRD, Employee Programs Branch (EPB) at 202-401-0681 or 202-401-0687.</li> </ul>

**B Field Office Contacts**

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

<b>Location</b>	<b>Contact</b>
<ul style="list-style-type: none"> <li>• Kansas City FSA Complex</li> <li>• RMA Kansas City Offices</li> <li>• St. Louis Office</li> </ul>	Kansas City Human Resources Office, Processing Section at 816-926-6225.
<ul style="list-style-type: none"> <li>• RMA Regional Service and Compliance Offices (<b>except</b> Kansas City)</li> <li>• FAS Overseas Posts</li> </ul>	<ul style="list-style-type: none"> <li>• Darla Hensley, HRD, EPB at 202-401-0681</li> <li>• Natasha Facey, HRD, EPB at 202-401-0087</li> <li>• Maria Ruiz, HRD, EPB at 202-401-0685.</li> </ul>
State or County Office	State Office, Administrative Office.