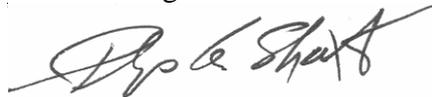


For: FFAS Employees

**Thrift Savings Plan (TSP) Automatic Enrollment**

Approved by: Deputy Administrator for Management



**1 Overview**

**A Background**

The Thrift Savings Plan Enhancement Act of 2009, Public Law 111-31, signed into law on June 22, 2009 and the Thrift Savings Plan Bulletin 10-3 authorizes a number of changes to TSP. The provision permitting immediate eligibility for agency contributions for employees covered by FERS (and its equivalent retirement systems) was implemented in July 2009. The next program feature to be introduced as part of this legislation is automatic enrollment in TSP.

**B Purpose**

This notice provides interim policy guidance about automatic enrollment in TSP for all FFAS employees **newly hired or rehired** under FERS and CSRS.

**C Eligibility**

Federal agencies must automatically enroll FERS and CSRS employees hired or rehired **effective August 1, 2010** (pay period 16) or as soon as administratively feasible thereafter. Employees who do not wish to make automatic contributions will have the option to immediately terminate their automatic enrollment within the first pay period of hire or rehire subject to the agency payroll processing window.

<b>Disposal Date</b>  December 1, 2010	<b>Distribution</b>  All FAS, FSA, and RMA Employees; State Offices relay to County Offices
--	---

## Notice PM-2766

### 1 Overview (Continued)

#### C Eligibility (Continued)

Employees who are on the agency rolls **before** the program's implementation and who are **not** contributing to TSP **will not** be automatically enrolled. They will retain their existing TSP eligibility until they elect to contribute to TSP or are separated from service. In addition, employees who are **rehired without** a break in service, for TSP purposes, will retain their prior TSP eligibility.

### 2 Responsibilities

#### A Agency Responsibilities to Implement Automatic Enrollment

Beginning the first full pay period in **August 2010**, NFC will begin automatic enrollment for all newly hired and rehired FERS and CSRS employees with a break in service. Servicing Human Resources Office will:

- inform new employees of their automatic enrollment in TSP, explain the benefits of participating in the plan, and notify employees that they may change the amount or percentage of their contributions or terminate their contributions at any time

**Note:** See Exhibits 1 and 2 for examples of the Letter for FERS New Hire/Rehire and the Letter for CSRS Rehire, (TSP Welcome Letter) which will be provided to all employees automatically enrolled in TSP.

- allow those employees who do not wish to make automatic contributions to immediately terminate their automatic enrollment within the first pay period of hire or rehire, subject to the agency payroll processing window
- deduct 3 percent of the employee's basic pay and submit it to TSP if the employees do not make an alternate contribution election.

#### B Employee Responsibilities Under the Automatic Enrollment Program

As long as employees are satisfied with their coverage under the automatic enrollment program, they do not have to take any action. If they want to change their contribution amounts or percentages, or if they want to terminate their contributions to TSP, they must submit their contribution elections to their servicing Human Resources Office using the Employee Personal Page (EPP) or TSP-1, as appropriate.

**Notice PM-2766**

**2 Responsibilities (Continued)**

**B Employee Responsibilities Under the Automatic Enrollment Program (Continued)**

Employees who are automatically enrolled in TSP may request a refund of the contributions deducted from their basic pay (including associated earnings). The refund will only apply to those contributions associated with the first 90 days of automatic enrollment. The participant must submit TSP-25 directly to TSP, and it must be received no later than the refund deadline date provided in the TSP Welcome Letter. TSP will honor a timely request for a refund even if the participant has made a contribution election, contribution allocation, interfund transfer, or taken other actions that could be construed as “active” participation in the plan (e.g., a loan or in-service withdrawal), or subsequently separated from Federal service. The refund that TSP pays to the participant is considered ordinary income earned, but is not subject to the Internal Revenue Code (I.R.C.) 10 percent early withdrawal penalty tax.

TSP will provide information about the refund process as well as TSP-25 in its Welcome Letter to automatically enrolled participants.

**C Action Required**

To obtain additional information about the changes in TSP, contact a servicing Human Resources Office according to the following table.

<b>IF located in...</b>	<b>THEN contact...</b>
FSA/FAS/RMA National Office RMA Regional & Compliance Offices, except Kansas City FAS Overseas Posts	Darla Hensley, HRD, Employee Programs Branch, at 202-401-0681.
FSA State or County Office	State Administrative Officer.
FSA/RMA Kansas City Offices KCCO, ITSD AMS, MSD, APFO, FSC, PARLS, Budget, HRD, RMA	KCHRO-ELRS by Service Area. Dana Candler, 816-926-6117. Patricia Gepford, 816-926-6529.

**Letter for FERS New Hire/Rehire**

The following is an example of the 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 may be found under the Agency Resources section of the TSP web site.

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-I (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.

**Letter for FERS New Hire/Rehire (Continued)****{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-I-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.

**Letter for FERS New Hire/Rehire (Continued)**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].

**Letter for CSRS Rehire**

The following is an example of the Letter for CSRS Rehire. The information in [square brackets] must be furnished by the agency as indicated. Instructions to the agency are set forth in {curly brackets}. A copy of this letter may be found under the Agency Human Resources section of the TSP web site.

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-I-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.

**Letter for CSRS Rehire (Continued)**Establishing Your TSP Account

Your agency will submit the data and contributions to establish your TSP account. They 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 Savin2s 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].