Thrift Savings Plan G Fund Investments Suspended to Avoid Hitting Debt Ceiling

December 14, 2017

In a letter Tuesday to House Speaker Paul Ryan, Treasury Department Secretary Steve Mnuchin said he has taken an “extraordinary measure" in order to avoid hitting the debt ceiling, by stopping investments into the Thrift Savings Plan's G Fund retirement fund.

Mnuchin wrote:

I am writing to notify you, as required under 5 U.S.C. § 8438(h)(2), of my determination that, by reason of the statutory debt limit, I will be unable to invest fully the Government Securities Investment Fund (G Fund) of the Federal Employees' Retirement System in interest-bearing securities of the United States, beginning on or after December 12, 2017. The statute governing G Fund investments expressly authorizes the Secretary of the Treasury to suspend investment of the G Fund to avoid breaching the statutory debt limit. My predecessors have taken this suspension action during previous debt limit impasses. By law, the G Fund will be made whole once the debt limit is increased. Federal retirees and employees will be unaffected by this action.

I respectfully urge Congress to protect the full faith and credit of the United States by acting to increase the statutory debt limit as soon as possible.

TSP Confirms Action

The TSP confirmed in a message on its website:

As of today, December 13, 2017, the U.S. Treasury was unable to fully invest the Government Securities Investment (G) Fund due to the statutory ceiling on the federal debt. However, G Fund investors remain fully protected and G Fund earnings are fully guaranteed by the federal government. This statutory guarantee has effectively protected G Fund investors many times over the past 25 years. G Fund account balances will continue to accrue earnings and will be updated each business day, and loans and withdrawals will be unaffected.

Federal Debt and the Statutory Limit

The Congressional Budget Office (CBO) projects in a November report that if the debt limit remains unchanged, the ability to borrow using extraordinary measures will be exhausted and the Treasury will most likely run out of cash by late March or early April 2018. If that occurred, the government would be unable to pay its obligations fully, and it would delay making payments for its activities, default on its debt obligations, or both.