

# TSP Modernization Act Passes the House

The U.S. House of Representatives passed his TSP Modernization Act by voice vote on October 12.

First [introduced](#) in the Senate in April by Senators Rob Portman (R-OH) and Tom Carper (D-DE), this legislation provides much-needed retirement flexibility to federal employees by modernizing the TSP's outdated withdrawal rules. Under TSP's current rules, participants may only elect one partial withdrawal after they turn 59 ½ or one partial post-separation withdrawal after they retire from government service. The TSP Modernization Act would eliminate these outdated restraints and allow for unlimited age-based or post-separation withdrawals.

The Senate's version of the bill was approved by the Senate Homeland Security and Governmental Affairs Committee on July 26th with unanimous support.

“I applaud the House of Representatives for acting swiftly to pass this common-sense, bipartisan bill to make the TSP more responsive to the needs of its participants, and allow retirees to access their money on an as-needed basis,” said Senator Portman. “I urge my Senate colleagues to quickly follow suit and pass this bill.”

According to a press statement from Portman, by modernizing these outdated withdrawal regulations, the TSP Modernization Act will provide federal employees with greater retirement flexibility and advance their ability to retire with dignity. Specifically, for federal employees separate from the federal workforce, the bill will change the current rules that allow only one partial post-separation withdrawal (in the form of a lump-sum payment, a stream of monthly payments, or annuity payments) to allow multiple, partial post-separation withdrawals that retirees can time to their individual needs. And for federal employees who are still working and are older than age 59½, the bill will allow multiple age-based withdrawals. The bill also adds flexibility to encourage retention in the TSP by allowing the election of quarterly or annual payments, and permitting periodic withdrawals to be changed at any point during the year.

The Congressional Budget Office has determined that the bill would have no significant impact on federal revenues.