August 14, 2018

Mr. Brian J. Wagner  
President  
National Association of Postal Supervisors  
1727 King Street, Suite 400  
Alexandria, VA 22314-2753

Dear Brian:

As a matter of general interest, the Postal Service is revising Employee and Labor Relations Manual (ELM), Section 590, *Thrift Savings Plan*.

The main purpose of the subject revisions is to incorporate changes to Thrift Savings Plan (TSP) policy as established by the Federal Retirement Thrift Investment Board.

We have enclosed two copies of the subject revisions, one with and one without changes identified.

Please contact Bruce Nicholson at 7773 if you have questions concerning this matter.

Sincerely,

Alan S. Moore  
Manager  
Labor Relations Policies and Programs

Enclosures
Thrift Savings Plan

Overview

Description

Administration

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for federal employees. Congress authorized it in the Federal Employees' Retirement System Act of 1986. The Federal Retirement Thrift Investment Board (FRTIB), an independent government agency, administers the plan. The law requires the following of the FRTIB:

- To have fiduciary responsibility of the TSP.
- Act in the sole interest of the participants.

Policies and regulations of FRTIB are controlling in the event of conflict with the information contained in this subchapter.

Getting Help from TSP

The TSP has a website at http://www.tsp.gov to provide employees with general information, forms, and publications.

The ThriftLine, TSP's automated voice response system, is available to participants 24 hours a day, 7 days a week. You can use the system to do the following:

- Get general information about your account.
- Retrieve the latest TSP information on rates of return and share prices.

In order to use the Thriftline system, you will need to have your TSP account number and personal identification number (PIN). Use one of the following telephone options to call the Thriftline system:

- 1-TSP-YOU-FRST, (1-877-968-3778).

In addition, you may contact a Participant Service Representative (PSR) by calling the Thriftline and selecting option 3. PSRs are available to participants Monday-Friday, from 7 a.m. – 9 p.m. (Eastern Time).

The TSPBK08, Summary of the Thrift Savings Plan for Federal Employees, and other TSP materials are available on www.tsp.gov.

Enrollment

Eligible employees can elect to start, stop, or change their contributions at any time. Eligible employees must submit all participant changes through one of the following options:

- PostalEASE from LiteBlue or Blue.
- By calling the Human Resources Shared Service Center (HRSSC) at 877-477-3273, option 1; (TTY 866-280-7507).

Eligibility to Contribute

General
All career employees are permitted to contribute to the TSP.

591.32 New Career Employees

The Postal Service enrolls automatically all eligible new career employees into the TSP at a contribution rate of 3%. An employee may increase or decrease his or her participation in the plan through one of the following options:
- PostalEASE from LiteBlue or Blue.
- By calling the Human Resources Shared Service Center (HRSSC) at 877-477-3273, option 1; (TTY 866-260-7507).

591.33 Rehired Employees

The Postal Service enrolls automatically Federal Employee Retirement System (FERS) or Civil Service Retirement System (CSRS) employees rehired after July 31, 2010, in the TSP at a contribution rate of 3% of their basic pay each pay period. Rehired employees may increase or decrease their contributions through PostalEASE from LiteBlue or Blue, or by calling the HRSSC at 877-477-3273, option 1; (TTY 866-260-7507).
- Rehired FERS or CSRS employees, who had a break in service of less than 31 full calendar days and were previously contributing to the TSP, will have their employee contributions and any applicable agency contributions resume upon rehire. If an employee was not previously contributing, he or she can begin at any time.
- If an employee is a rehired FERS or CSRS employee who had a break in service of 31 or more full calendar days, regardless of whether the employee was enrolled before his or her break, the Postal Service will enroll automatically the employee in the TSP at 3%.

591.34 Reemployed Annuitants

591.341 Eligibility

A reemployed annuitant is an individual rehired by the federal government, who continues to receive basic retirement benefits from CSRS or FERS.
- If a reemployed annuitant is performing service covered by FERS, or CSRS, the reemployed annuitant is eligible to participate in the TSP. Agency contributions for a FERS reemployed annuitant must begin with the effective date of the reappointment to the FERS position.
- If a reemployed annuitant is not performing covered service, the reemployed annuitant is not eligible to participate in the TSP.

591.342 Enrollment

Reemployed annuitants may resume previous enrollment or be auto-enrolled into the TSP based on the length of the employees' break in service, the same as for rehired employees (see 591.33).

591.343 Contributions

Contributions made by a reemployed annuitant are based on the basic salary for the position prior to the required reduction for the annuity she or he is receiving.

591.35 Transfers From Another Agency
CSRS and FERS employees who transfer from other federal agencies must have the following continue without interruption:

- TSP loan payment.
- Automatic (1 percent) contributions
- Employee and matching contributions (if any)

The HRSSC must submit TSP-19, *Transfer of Information Between Agencies*, to the Eagan Accounting Service Center (ASC).

591.36 Dual Appointments

If an employee covered by CSRS or FERS receives a second, simultaneous (dual) appointment, the employee is eligible to participate in the TSP under each appointment. When the Postal Service and another federal agency or appointing authority makes the appointments, the following rules apply:

a. Based on the appointment date of each agency, the agency enrols automatically the employees until they elect to change or terminate their participation in the TSP (with each agency). Each agency must use only the basic pay employees earn in the respective agency to determine TSP contributions.

b. If an employee has received a financial hardship in-service withdrawal, both agencies must terminate employee contributions to the TSP during the six-month non-contribution period. At the end of the six-month period, the employee may make separate elections with each agency to begin to contribute to the TSP. If the employee is FERS, the agency must ensure that Agency Automatic (1%) Contributions continue during the six-month non-contribution period.

c.

If the employee's retirement coverage does not continue under the second appointment, the employee is not eligible to participate in the TSP under the second appointment.

592 Contributions

592.1 Basic Pay

The Postal Service bases all contributions to the TSP on basic pay. Refer to ELM 432.2.

592.2 Contribution Rates

Employees must contribute in whole percentages or whole dollar amounts.

592.3 Maximum Contribution Rates

FERS or CSRS employees may contribute a percentage of basic pay up to the IRS annual maximum. The Postal Service withholds contributions each pay period.

592.4 Automatic Contributions
592.41 FERS Employees

The Postal Service automatically contributes an amount equal to 1% of the employee’s basic pay every pay period. This agency automatic contribution starts the first pay period in the first election period that the employee is eligible to contribute and occurs even if the employee chooses not to contribute. This automatic contribution does not affect the employee’s salary.

592.42 CSRS Employees

There is no agency automatic (1%) contribution for CSRS employees.

592.43 Employee Responsibilities Regarding Automatic Enrollment, Participation, and Requests for Refunds of Automatic Enrollment

To change or terminate contributions to the TSP, employees must submit their contribution elections through one of the following:

- PostalEASE from LiteBlue or Blue.
- By calling the HRSSC at 877-477-3273, option 1; (TTY 866-260-7507).

Participants automatically enrolled in the TSP may request a refund of the contributions deducted from their basic pay (including associated earnings) associated with the first 90 days of automatic enrollment. To request a refund, participants must submit TSP-25, Automatic Enrollment Refund Request, directly to the TSP and the TSP must receive it no later than 90 days after the TSP’s receipt of the first automatic enrollment contribution (the refund deadline date).

a. The TSP considers the refund it pays to the participant as ordinary income earned, and the TSP will withhold 10% of the refund for the federal income taxes. However, the refund is not subject to the Internal Revenue Code 10% early withdrawal penalty tax.

b. FERS participants will forfeit the agency matching contributions (and associated earnings) when their refund request is processed. The agency automatic (1%) contributions remain in the participant’s TSP account.

c. If the participant is rehired and is again automatically enrolled in the TSP upon reappointment, he or she may not be eligible for another opportunity to request a refund of automatic enrollment contributions from the period of reemployment. A new 90-day refund period is not allowed unless one full calendar year (January through December) has passed since the participant’s last automatic enrollment contribution.

592.5 Matching Contributions

592.51 FERS Employees

The Postal Service matches employee contributions on a dollar for dollar basis through the first 3% of basic pay the employee contributes. The next two percent of basic pay the employee contributes is matches at the rate of $.50 for every $1.00 (see chart below).

<table>
<thead>
<tr>
<th>Employee Contributions</th>
<th>Postal Service Automatic and Matching Contribution</th>
<th>Total Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>2%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>3%</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>4%</td>
<td>4.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>5%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Over 5%</td>
<td>5%</td>
<td>10% plus employee contributions over 5%</td>
</tr>
</tbody>
</table>

592.52 CSRS Employees

There are no agency automatic or matching contributions for CSRS employees.

592.6 Vesting of Contributions

592.61 CSRS Employees

Employees are vested immediately in their own contributions and all earnings attributable to these contributions.

592.62 FERS Employees

Employees are vested immediately in the following:
- Their own contributions.
- The agency matching contributions.
- The earnings attributable to these contributions.

Employees are vested in the agency automatic contribution and earnings associated with those contributions after attaining three years of creditable civilian service as determined by their TSP Service Computation Date:
- The Postal Service considers employees who die in service as vested in the agency automatic contributions.
- Employees on the rolls between January 1, 1984, and December 31, 1986 who the Postal Service automatically converted to FERS on January 1, 1987, received a 1% retroactive contribution for that time frame and were vested immediately in the retroactive contribution.

592.7 Maximum Contribution Amount

The TSP announces the limits on the Thriftline, at www.tsp.gov, and various publications.

592.8 Taxes

592.81 Traditional TSP Taxation

Employees electing to make traditional contributions defer paying taxes on their contributions and the earnings until they withdraw them. Employees who are members of the uniformed services, and are making tax-exempt contributions, will have their contributions be tax-free at withdrawal, but their earnings will be subject to tax.

592.82 Federal Income Taxes

Employees make all traditional TSP contributions on a before-tax basis. The money contributed to the plan is not included when federal income taxes are calculated. TSP contributions are subject to Medicare and Social Security taxes.

592.83 State Income Taxes
The majority of the states that have income taxes also consider contributions to the TSP on a before-tax basis. The law of the state in which the employee resides determines whether TSP contributions are tax deferred.

Roth (After-tax) TSP Taxation

Employees electing to make Roth contributions have taxes on their contributions withheld from their taxable wages as they make their contributions. Their earnings are then tax-free at withdrawal as long as they meet certain IRS requirements. By contributing after paying taxes on the earnings, employees gain the tax benefit when they begin their post-employment distribution.

The chart below provides basic information on the differences in taxation between traditional and Roth TSP contributions. Employees must contact their accountant, tax preparer, or other certified financial professional to determine which option may be the best for them.

<table>
<thead>
<tr>
<th>The Treatment of...</th>
<th>Traditional TSP</th>
<th>Roth TSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>Pre-Tax</td>
<td>After-Tax</td>
</tr>
<tr>
<td>Your Paycheck</td>
<td>Taxes are deferred, so less money is taken out of your paycheck</td>
<td>Taxes are paid up front, so more money comes out of your paycheck,</td>
</tr>
<tr>
<td>Transfers in</td>
<td>Transfers allowed from eligible employer plans and traditional retirement accounts (IRA).</td>
<td>Transfers allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s.</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>Transfers allowed to Roth employer plans, traditional IRAs, and Roth IRAs.</td>
<td>Transfers allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs.</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>Taxable when withdrawn</td>
<td>Tax-free earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59 1/2 or older, permanently disabled, or deceased.</td>
</tr>
</tbody>
</table>

TSP will keep an employee's traditional balance and their Roth balance in separate "buckets" in the employee's TSP account for the purposes of tracking contributions and transfers into the account. However, an employee cannot select one or the other balance when requesting transactions such as contribution allocation changes, interfund transfers, loans, and withdrawals. All transactions will include a proportional amount from each balance.

Insufficient Earnings

Employees on Leave Without Pay

Employees on leave without pay (LWOP) for an entire pay period cannot contribute to the TSP and do not receive agency contributions TSP, including the agency automatic (1%) contribution.
**Exception:** An employee who is on approved LWOP to serve as a full-time officer or employee of an organization composed primarily of employees can contribute to the TSP. The allowable contributions are based on the basic pay with the Postal Service and must be withheld from pay. The paying organization makes the decision whether to make the agency automatic contributions, matching contributions, or both, for FERS employees.

592.92 Reduced Earnings

Each pay period, an employee's TSP contribution is determined based upon the basic pay earned for that pay period. TSP employee contributions can be taken as a partial deduction. When there is not enough available net pay to take the entire deduction, the TSP deduction will be taken based on the priority of deduction schedule established by the Postal Service.

593 Investments

593.1 Funds Available

TSP is composed of six funds: the Government Securities Investment Fund (G Fund), the Fixed Income Index Investment Fund (F Fund), the Common Stock Index Investment Fund (C Fund), the Small Capitalization Stock Index Investment Fund (S Fund), International Stock Index Investment Fund (I Fund), and Lifecycle Funds (L Funds):

a. The G Fund consists exclusively of investments in short term nonmarketable U.S. Treasury securities specially issued to the TSP. G Fund investments earn guaranteed interest at a rate that is equal to the average of market rates of return on U.S. Treasury securities with 4 or more years to maturity. The interest is calculated on a monthly basis.

b. The F,C,S, and I Funds are index funds; the TSP invests each fund proportionately to replicate the risk-and-return performance of the fund's benchmark index.

c. The L Funds are invested in the five individual TSP funds (G,C,C,S, and I) based on professionally determined asset allocations. The objective is to strike an optimal balance between the expected risk and return associated with each fund.

593.2 Investment Options

593.21 Fund Allocation

Employees may allocate their TSP contributions, including agency contributions, among the six investment funds. Employees must make fund allocations in whole dollars or whole percentage of the employee's basic pay.

Employees who do not make a contribution allocation for their TSP funds will have their contributions invested according to the following rules:

a. For employees who were enrolled on or after September 5, 2015, all contributions received by the TSP will be deposited into the Lifecycle (L) Fund targeted most closely to the year they turn 62.

b. For employees who were enrolled before September 5, 2015, all contributions to their account are deposited into the Government Securities Investment (G) Fund, until the employee elects another investment option.

593.22 Changing Investments

Employees can request to change the allocation of contributions at any time via telephone or online (see 591.12 for more information).
593.23 **Interfund Transfers**

An interfund transfer is the movement of money already in the employee's account among the investment funds. This movement does not affect contributions from future payroll deductions. Employees are allowed one interfund transfer per month, using the TSP ThriftLine or submitting TSP-30, *Interfund Transfer Request*, to the TSP Service office.

593.3 **Participant Statements**

593.31 **Frequency** TSP issues participant statements for each participating employee after the end of each calendar quarter. Calendar quarters end March 31, June 30, September 30, and December 31.

593.32 **Contents**

The TSP quarterly participant statement provides valuable information about an employee's account. It covers all transactions for the account during the past three months. Because the statement replicates the information in an employee's TSP record, it is important for employees to review it and report to the TSP any incorrect information.

593.33 **Distribution**

The TSP mails the first quarterly statement to employees. After that, TSP statements are available online at www.tsp.gov. In addition, employees can request that the TSP send them quarterly statements by mail. The TSP will send mailed statements to the address of record on file. Employees can update their address through Blue or LiteBlue or by submitting PS Form 1218, *Employee’s Current Mailing Address*, to the HRSSC.

594 **Adjustments**

594.1 **Responsibility**

The Postal Service is responsible for correcting any improper or erroneous TSP withholding. The Postal Service can adjust an employee's TSP account only if the procedures in 594.2-594.4 cover it.

594.2 **Elections Not Processed**

Employees can make contribution elections at any time. If an election is delayed, the employee can change the contribution amount or percentage to achieve the desired annualized amount. The Postal Service will not process any retroactive contributions unless an employee is eligible for catch up contributions.

594.3 **Overdeductions**

594.31 **Excess Contributions**

The TSP returns to the employee contributions that exceed the deferral limit. The Postal Service treats excess contributions as taxable income for the year in which the employee contributed.
594.32 Amount of Adjustment

The employee will receive the full amount that the Postal Service over deducted even if the following occurs:

- The adjustment involves index funds, and
- There has been an investment loss.

If the full amount is not refunded, the employee may file a claim. See 594.7 for the claim procedure.

594.33 Earnings

Any earnings posted to the employee's account because of the excess contributions will remain in the account unless the refund of excess contributions would liquidate the account.

594.4 Under Deductions

When the non-processing of an election form or the incorrect processing of an election form results in an under deduction, the TSP must process the correct election immediately with the same effective date as the election containing the error.

PS Form 6886, Thrift Savings Plan Request for Retroactive Contributions

Subsequent to correction of the error a PS Form 6886, Thrift Savings Plan Request for Retroactive Contributions, must be prepared. PS Form 6886 must be prepared in all instances of underdeductions even if the employee does not wish to contribute make-up contributions.

592.43 Preparation

The PS Form 6886 is prepared after the correction of the administrative error via DDE/DR. It must be completed with the employee’s name, Social Security number, and finance number, as well as the total pay periods in which the administrative error occurred, what percentage or amount was in error and the correct percentage or amount that is now being deducted. The estimated total amount of the underdeduction is calculated and entered on the form. Once all of these items have been completed, the original of the form is sent to the employee while a copy is retained by the Postal Service, pending return of the form from the employee.

592.44 Decision

The employee decides whether to contribute make-up contributions. Makeup contributions are contributed through payroll deductions. The employee is required to make a decision within 30 days of receipt of the form. If an employee does not return the form within 30 days, that individual forfeits the right to contribute make-up contributions.

592.45 Disposition

594.451 No Return of PS Form 6886

If the employee does not return the PS Form 6886 within 30 days, personnel officials (1) annotate the copy “No Reply Within 30 Days — No Action Taken” and (2) file the form in the employee's OPF.
594.452 No Make-up Contributions

An employee who chooses not to contribute make-up contributions simply checks the appropriate block, signs the form, and returns it to personnel where the form is certified and filed in the employee’s OPF as a permanent record.

594.453 Make-up Contributions

An employee who wishes to contribute make-up contributions chooses the number of pay periods over which contributions will be made. The minimum number of pay periods for make-up contributions is one. The maximum number of pay periods is four times the number of pay periods over which the error occurred. Whenever multiple pay periods are involved, the make-up contributions will be in equal amounts each pay period. In no instance may anything less than the full amount of the adjustment be deducted. The employee cannot elect make-up contributions for a portion of the period that was in error.

594.46 Processing

594.461 Upon receipt of a signed PS Form 6886 requesting make-up contributions, the form is reviewed, signed, and dated, with the original sent to the Eagan ASC. A copy of the form is also stored in the employee’s OPF.

594.462 The Eagan ASC verifies that the amount on the form is correct. If the estimated total deduction entered on the form is incorrect, the PS Form 6886 will be returned indicating the correction.

594.463 If the employee has insufficient wages to withhold the full amount for the pay period, no contribution is made. These periods do not count against the number of pay periods chosen for make up contributions. When the employee has sufficient wages again, make-up contributions resume and continue until the full amount has been withheld or the employee elects to discontinue them.

594.464 If there is insufficient net pay to make all the TSP contributions, the regular TSP contributions will take precedence over the employee’s make-up contributions.

594.465 Employees making up an underdeduction will have make-up contributions allocated in accordance with the TSP-1 election currently in effect. If the employee was erroneously denied participation in TSP, a separate TSP-1 may be completed for each open season that occurred during the period of underdeduction. If the employee fails to make a current election, all make-up contributions are designated to the G fund for the period of underdeduction.

594.466 Once the make-up contributions have begun, the employee may choose to terminate them. However, the decision to terminate is irrevocable. A PS Form 6886 must be prepared showing the employee’s decision to terminate the make-up contributions. Personnel then signs and dates the form, and sends it to the Eagan ASC. A copy of the PS Form 6886 terminating the make-up contributions is attached to the PS Form 6886 in the OPF which requested the make-up contributions.

594.467 If an employee transfers to another agency, the new agency must be advised of the error. If the new agency advises that the employee elects to contribute make-up contributions, or to continue make-up contributions that began before the transfer, coordination between the new agency offices and the Eagan ASC is necessary.

594.468 Earnings attributable to the period of underdeduction (if any) are posted to the employee’s account in accordance with TSP lost earnings regulations.
594.5 Resuming and Make-up Contributions

Employees returning to work from military leave must do the following:
   a. Ensure that their contributions resume and are deducted from their pay.
   b. Decide whether they want to make up contributions to their civilian TSP account for the period missed because of their military service (including catch-up contributions if they are age 50 or older).
   c. Submit a written request to the agency within 60 days of the date of their reemployment or restoration to federal civilian service to make up eligible missed TSP contributions.
   d. Contact their district Human Resources office to request information on the procedures from processing USERRA claims.

FERS employees may be eligible to claim retroactive matching contributions to their civilian account. Eligible employees must have done one of the following:
   • Contributed from basic pay to their uniformed services account while they were on nonpay status performing military service.
   • Elected to make employee contributions when they returned from military service.

Employees must keep their leave and earnings statements while on active duty to facilitate their claim.

Returning employees must review closely the balance and transactions in their civilian TSP account. FERS employees that notice the removal of agency automatic (1%) contributions and attributable earnings from their account while they were in a nonpay status must contact the HRSSC about how to restore these funds.

594.6 Erroneous Retirement System

Whenever an action is processed correcting an employee’s retirement system from CSRS to FERS or from FERS to CSRS, the employee is encouraged to review his or her TSP contributions to determine if he or she must make any adjustments.

When a correction results in an employee moving into a retirement plan that does not allow for agency contribution (1%), matching contributions, or both, the TSP will deduct agency contributions from the employee’s TSP account.

594.7 Back Pay Awards

594.71 General Rule

An employee receiving a back pay award must be made whole with respect to participating in the TSP. The Eagan ASC must follow the procedures in 594.72 and 584.73 when processing back pay awards.

594.72 Erroneous Separation

The employee may elect participation or termination of elections in the same manner as though the separation did not occur.

Refer to 591.33 for instructions for rehired employees. If an employee sends a back pay claim to the Eagan ASC, the Eagan ASC will handle any retroactive withholdings in accordance with the applicable Back Pay Management Instruction.

594.73 Continuous Service
Employees who receive a back pay adjustment and who are not separated from service receive an adjustment for contributions only if they previously elected coverage. The Eagan ASC processes the adjustment automatically.

594.8 Claim Procedure

594.81 General Rule

The employee may file a claim for correction with the HRSSC if any of the following situations occur:
- There is a dispute regarding the Postal Service’s findings related to an employee’s entitlement to make up contributions
- The amount refunded because of an administrative error was less than the amount previously withheld
- The employee discovers some other error involving the correct payment to the TSP.

594.82 Review of Claim

All employee claims must be reviewed by the HRSSC to determine whether the claim relates to an error made by the Postal Service or by the Federal Retirement Thrift Investment Board. If the claim relates to Board errors, the claim must be sent to the following address within 10 days of the Postal Service’s receipt of the claim:

THrift SAVings Plan
PO BOX 38501
BIRMINGHAM, AL 35238

The employee must be advised of the referral by the HRSSC.

594.83 Postal Service Decision

When the claim relates to the Postal Service, the HRSSC must provide the employee with a decision or with good cause for requiring more time to decide the claim, within 30 days of receipt. If the HRSSC decides to deny the claim, the HRSSC must send the denial in writing and it must contain the following information:
- The reason for the denial, with references.
- A description of any additional material or information necessary to approve the claim with an explanation of why it is necessary.
- Steps the employee must take to appeal the decision.

594.84 Employee Appeal Rights

The employee may appeal the denial, in writing, within 30 days after receipt of the decision, to the appropriate Human Resources manager or designee. The designee cannot be the same individual who originally denied the claim.

594.85 Final Decision

The appropriate Human Resources manager or designee must make the final decision, in writing, within 30 days after receipt of the employee’s appeal unless the Postal Service provides the employee with good cause for requiring more time to decide the appeal. There is no administrative appeal of the Postal Service’s final decision.

Once the employee exhausts all administrative remedies, he or she is eligible to file suit in the appropriate federal district court in the following situations.
a. Upon receipt of the Postal Service's final decision, or
b. If the Postal Service has not issued a final decision or provided a good cause for delay within 30 days of its receipt of the employee's appeal.

594.86 Time Limitation

The Postal Service must act to correct an error for which the employee files a claim within six months of the error's occurrence.

The Postal Service may use its discretion in deciding whether to correct it in the following situations:
- If more than six months have passed since the error occurred when the employee files a claim to correct the error, or
- The Postal Service independently identifies the error.

595 Termination of Contributions

595.1 Definition

A termination is an election by an employee who is already contributing to the TSP to stop contributions.

595.2 Submissions

Employees may elect to terminate contributions at any time. The employee can terminate contributions through one of the following:
- PostalEASE from LiteBlue or Blue.
- By calling the HRSSC at 877-477-3273, option 1; (TTY 866-260-7507).

595.3 Effective Date

Elections to terminate contributions are effective no later than the first day of the first pay period beginning after the date HRSSC receives the election.

596 Loans

596.1 Eligibility

Employees must meet the eligibility requirements set forth by the TSP to participate in the TSP loan program. For more information, use any of the following options:
- Visit www.tsp.gov
- Call the Thriftline
- Review the booklet, Thrift Savings Loan Program, which contains additional information for employees interested in the loan program.

Married FERS participants must have their spouses consent to the loan by signing the Loan Agreement sent by the TSP. The TSP will notify the spouses of married CSRS participants who apply for a TSP loan.

596.2 Types of Loans

596.21 Residential Loans
Residential loans are only for the purchase or construction of a primary residence. These loans require determination, and have a repayment term of 1 to 15 years.

596.22 General Purpose Loans

Employees can use general purpose loans for any purpose. These loans do not require documentation and have a repayment term of 1 to 5 years.

596.3 Applications

The TSP provides TSP-20, TSP Loan Application, to any eligible employee who requests it. The employee is responsible for completing the form and submitting it to the TSP.

596.32 Documentation

Residential loans require documentation as specified by the TSP. Following the acceptance of TSP-20, the TSP will request the necessary documentation from the employee along with the Loan Agreement.

596.4 Loan Repayment

596.41 Payroll Deductions

Regularly scheduled loan payments are made through payroll deductions. After the TSP disburses the loan, the TSP will notify Eagan ASC to begin immediately deducting loan payments from your salary each pay period. Loan payments must start within 60 days of disbursement.

The employee must ensure that correct loan payments are submitted on time. Even if the Postal Service was responsible for a missed loan payment, the employee must pay the missed amount directly to the TSP using his or her personal funds to avoid a taxable distribution. Eagan ASC cannot make up missed payments from the employee’s paycheck. Employees must regularly check their earnings and leave statement to be sure that loan payments have started in the correct amount.

Employees must review their statements and report any discrepancies to the Postal Service. Employees can review their loan payments in the following ways:

- The quarterly participant statement and annual participant statement.
- By logging into My Account on the TSP website for loan payments made within the last 90 days.

Employees who change agencies or payroll offices must inform their new agency or service that they have a TSP loan and instruct it to continue TSP loan payments. Until the new agency or service begins deducting loan payments from their pay, employees must submit loan payments directly to the TSP. If an employee transfers to an agency that has a different pay cycle from the previous agency, the employee must re-amortize his or her loan to update the pay cycle and avoid missing loan payments.
Members of the Ready Reserves whose drilling intervals are irregular (i.e., other than monthly) and civilians with intermittent pay schedules must consult with the Postal Service before taking a loan from their TSP accounts so that they do not miss loan payments that could result in tax consequences.

596.42 Reamortization

Employees can re-amortize their loan at any time to change the payment amount or to shorten or lengthen the repayment term, so long as the term does not exceed the prescribed maximum terms. An employee has an unlimited number of re-amortizations during the life of a loan. Employees can re-amortize their loan at www.tsp.gov or by calling the TSP.

596.43 Suspending or Missing Payments

Employees cannot suspend their loan payments. Employees experiencing financial difficulties may be able to re-amortize their loans to reduce the amount of each payment, but they cannot suspend or stop loan payments.

At the end of each calendar quarter, the TSP identifies accounts with missing loan payments. Employees who have missed a loan payment will receive a notice from TSP indicating that they have until the end of the following calendar quarter to pay the missing amount. Failure to pay by the date on the notice may result in serious tax consequences.

Employees can make additional loan payments by personal check or money order to restore their accounts more quickly or to make up for missed payments.

- Employees must make checks and money orders payable to the Thrift Savings Plan and send the payment with a TSP-26, Loan Payment Coupon. Employees can download TSP-26 from the TSP website.
- Employees must provide their complete TSP account number and loan number on the check or money order and the TSP-26. If any information is missing, the TSP will return the payment.
- After several days, employees will receive a notice confirming the payment.

596.44 Prepayment

Employees can prepay their loans in full at any time without a prepayment penalty using the same procedures outlined in 596.43. The ThriftLine or www.tsp.gov can provide the prepayment amount, which includes all unpaid principal and any unpaid interest. The TSP will notify the employee and Eagan ASC when the employee has paid the loan in full. If payments continue, the employee must contact Eagan ASC immediately.

597 Withdrawal of Funds

597.1 Eligibility

TSP is a long-term savings program designed to provide retirement income. Employees may withdraw funds upon retirement, separation, or death. In addition, employees may make in-service withdrawals under limited circumstances (see 597.3).

597.2 Withdrawals Upon Separation

597.21 Withdrawal Options
Persons who have separated or retired have several options for the withdrawal of TSP funds. Visit www.tsp.gov or call the Thriftline for more information.

597.22 Mandatory Automatic Cashout

Persons separated with vested account balances of less than $200 are subject to the TSP automatic cashout procedures. TSP will automatically send such person a check for the balance of his or her account after the Postal Service reports that the person has separated.

597.23 Required Minimum Distribution

Participants, who leave their money in the TSP following retirement or separation, are required to start withdrawing their money by April 1 of the year following either of the following:
   a. The year they turn 70 1/2, if they are separated from federal employment or the uniformed services.
   b. The year they separate from federal service, if they have already reached age 70 1/2.

In addition, separated participants can purchase an annuity that will make payments to them for life. You can find more information on TSP annuity options in the TSP Booklet, Withdrawing your TSP Account after Leaving Federal Service.

If you do not begin withdrawing your account by the required deadline, you will forfeit your account balance to the TSP. You can reclaim it; however, you will not receive earnings on it from the time you forfeited it.

597.24 Spousal Rights

597.241 CSRS Participant Amounts

The spouse of a CSRS participant is entitled to notice when the participant applies for a withdrawal after separation. The participant must provide the TSP with the spouse’s correct mailing address.

Participants who are unable to provide their spouse’s address may be able to obtain an exception by submitting TSP-16, Exception to Spousal Requirements, to the TSP.

Combining a civilian account with a uniformed-services account will change your spouse’s rights.

597.242 FERS Participants

FERS participants making partial withdrawal must obtain written, notarized consent from their spouses on the withdrawal form.

The spouses of FERS participants with a total TSP account balance of more than $3,500, who are making full withdrawal, are entitled to a joint life annuity with a 50% survivor benefit, level payments, and no cash refund. Alternatively, the participant’s spouse must sign the waiver statement on the withdrawal waiving his or her right to the annuity.
Combining a civilian account with a uniformed-services account will change your spouse’s rights.

597.3  In-Service Withdrawals

597.31  Type of Withdrawal

In-service withdrawals provide employees with an opportunity to withdraw funds from their TSP accounts while still employed, including employees in nonpay status. Two types of in-service withdrawals are available:

a.  **Age-based withdrawal**—Allows employees who are 59 1/2 or older a one-time opportunity to withdraw all or a portion of the vested account balances.

b.  **Financial hardship withdrawal**—Allows employees, (regardless of age) who demonstrate financial hardship covered by covered events, an opportunity to withdraw their own contributions and the earnings on those contributions, up to the amount of the documented hardship.

See TSPBK-12, *In-Service Withdrawals*, for more information.

597.32  Application


597.33  Restrictions

597.331  Pay Period Contributions

Employees who receive *financial-hardship* in-service withdrawals may not make employee contributions to their TSP account or receive matching agency contributions for a period of approximately six months. This 6-month period is called a non-contribution period. FERS employees in pay status continue to receive the agency automatic (1%) contribution.

597.332  Court Orders

Certain court orders on file at the TSP that award payment from the account to someone other than the employee place a hold on the account and disallow approval of in-service withdrawals (see 598.1).

597.4  Death

597.41  Before Separation

If a participant dies while still employed, the TSP distributes the balance in the TSP account in accordance with TSP-3, *Designation of Beneficiary*. If no designation of beneficiary is on file, the account is distributed in accordance with the order of precedence required by law:

a.  To the surviving spouse.

b.  If none, to the child or children and descendants of deceased children.

c.  If none, to any surviving parents.

d.  If none, to the duly appointed executor or administrator of the estate.

e.  If none, to the next of kin who is entitled under the laws of the state in which the employee is living at the time of death.
597.42 After Separation

The TSP pays any remaining balance in the same manner as in 597.41 unless the participant purchased an annuity, in which case the TSP provides benefits according to the annuity contract. For more information, see TSPBK31, *Death Benefits Information for Participants and Beneficiaries*.

597.5 Withdrawal Packages

597.51 HRSSC Responsibilities

597.511 Separations and Retirements

All TSP participating employees who separate or retire will receive a TSP Withdrawal Package at the time of separation. TSP participating employees are all employees who have a TSP account, including the following:

- FERS employees who are not contributing and only receiving agency automatic contributions
- Employees who are not currently contributing but who have established an account in the past.

597.512 Deaths

The TSP must provide a TSP Withdrawal Package to representatives (family members or other interested individuals) of deceased participating employees, including those in a nonpay status, who request to file death claim applications. Deceased employees are considered automatically vested in any agency automatic contributions and earnings associated with those contributions.

597.6 Additional Information

The following booklets contain additional information concerning participant’s options:

- TSPBK02, *Withdrawing Your TSP Account Balance*.
- TSPBK12, *TSP In-Service Withdrawals*.

597.7 Return to Federal Service

If an individual re-enters government service after separating or retiring with a vested balance, the following applies:

a. *Forfeited Balance*. Any amount that was forfeited as a result of the previous separation remains forfeited.

b. *Civilian Service*. Prior periods of civilian service that are still creditable are added to the current period to determine vesting.

c. *Withdrawing Fund in Equal Installments*. If the individual is receiving equal installments from TSP, the installment will stop upon reemployment.

d. *Receiving an Annuity*. If the individual is receiving an annuity, it will continue upon reemployment.

598 Court Orders

598.1 Types

The Federal Retirement Thrift Investment Board honors the following:
a. Orders for the enforcement of outstanding child support or alimony obligations under regulations issued by 5 CFR Part 1653.
b. The following retirement benefits court orders that are issued in connection with a divorce, annulment, or legal separation and that meet the requirements of the Board’s regulations
   a. Preliminary court orders issued before final decrees, for freezing a participant’s TSP account.
   b. Final court orders
   c. Amended court orders issued subsequent to a decree for the purpose of amending the decree with respect to the TSP.

598.2 Requirements

A qualifying retirement benefits court order must meet the following criteria for the Board to honor it:
a. The order must expressly relate to the TSP account.
b. The amount of entitlement in the order must be clearly determinable.
c. The order must require one of the following:
   i. The TSP to freeze the participant’s account pending a final resolution.
   ii. A payment to a permissible payee

598.3 Notification

The Board notifies participants of the following:
a. Any court orders received against their accounts. The board will advise that it has frozen the account to prevent withdrawal of funds and loan opportunities.
b. Its decision regarding such court orders. If applicable, the Board gives them information about how to appeal.

598.4 Effect on Withdrawal Options

A participant’s choice of a withdrawal option cannot conflict with the provisions of a valid court order. If there is a court order on file with the Board and the participant selects an option that cannot be processed because of the court order, the Board notifies the participant and asks him or her to make another choice.

598.5 Effect on Loans

A qualifying court order may restrict the employee’s ability to receive a loan.

The TSP reviews each court order individually to determine its effect.

598.6 Address

Qualified court orders must be submitted to the following address:

TSP Legal Processing Unit
P.O. Box 4390
Fairfax, VA 22038-4390

Fax: 703-592-0151

598.7 Additional Information
599
TSP Contact Mailing and Fax Information

599.1
Forms and General Correspondence:

Mailing Address: 
Thrift Savings Plan 
P.O. Box 385021 
Birmingham, AL 35238

Fax Number: 
1-866-817-5023

599.2
Loan Payments

Mailing Address: 
Thrift Savings Plan 
P.O. Box 979004 
St. Louis, MO 63197-9000

Overnight Delivery: 
US Bank 
Box 9004 
Government Lockbox SL-MO-C2GL 
1005 Convention Plaza 
St. Louis, MO 63101

599.3
Transfers or Rollovers of Funds to the TSP

Mailing Address: 
TSP Rollover and Transfer Processing Unit 
P.O. Box 385200 
Birmingham, AL 35238-5200

Overnight Address: 
IBS-TSP Processing Unit 
10 Inverness Center Parkway, 
Suite 610

Fax Number: 
Toll free: 1-866-458-1452 
Not toll free: 205-439-4501

Do not submit any withdrawal forms to these addresses. Instead, use the address in 599.1

599.4
Court Orders and Legal Process Actions

Mailing Address: 
TSP Legal Processing Unit 
P.O. Box 4390 
Fairfax, VA 22038-4390

Overnight Delivery 
ATTN: TSP Legal Processing Unit 
12210 Fairfax Town Center 
Unit 906 
Fairfax, VA 22033

Fax Number: 
703-552-0151

599.5
Death Benefits Claims

Mailing Address: 
TSP Death Benefits Processing Unit 
P.O. Box 4450 
Fairfax, VA 22038-4450

Overnight Delivery 
ATTN: TSP Death Benefits Processing Unit 
12210 Fairfax Town Center 
Unit 906

Booklet TSPBK11, Court Orders and Powers of Attorney, contains additional information concerning handling of court orders. This booklet is available or on www.tsp.gov.
Federal Tax Levies and Criminal Restitution Orders

Mailing Address:
TSP Legal Processing Unit
P.O. Box 49570
Fairfax, VA 22038-9998

Fax Number:
703-592-0151

Fairfax, VA 22033

Overnight Delivery

ATTN: TSP Legal Processing Unit
12210 Fairfax Town Center
Unit 806
Thrift Savings Plan

Overview

Description

Administration

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for federal employees. It was Congress authorized by Congress in the Federal Employees’ Retirement System Act of 1986. The plan is administered by an independent government agency, the Federal Retirement Thrift Investment Board (FRTIB), an independent government agency, administers the plan. The law requires the following of the FRTIB:

- To have fiduciary responsibility of the TSP,
- Act in the participant’s sole interest

The purpose is to operate the plan for the benefit of the participants.

Policies and regulations of the FRTIB are controlling in the event of conflict with the information contained in this subchapter.

Further Information

Getting Help from TSP

The TSP has a website established at http://www.tsp.gov to provide employees with general information, forms, and publications.

Two telephone response systems are available for general information as well as personal account information. The TSP ThriftLine, TSP’s at (504) 255-8777 is an automated voice response system, is available to participants 24 hours a day, 7 days a week. You can use the system to do the following:

- Get general information about your account,
- Retrieve the latest TSP information on rates of return and share prices.

In order to use the Thriftline system, you will need to have your TSP account number and personal identification number (PIN). Use one of the following telephone options to call the Thriftline system:

- 1-TSP-YOU-FRST, (1-877-968-3778),

In addition, you may contact a Participant Service Representative (PSR) by calling the Thriftline and selecting option 3. PSRs are available to participants Monday-Friday, from 7 a.m. – 9 p.m. (Eastern Time) and the Text Telephone at (504) 255-5113 is designed for hearing impaired employees.

The TSPBK08, Summary of the Thrift Savings Plan for Federal Employees, and other TSP materials are available at local personnel services offices and on the Web site www.tsp.gov.

Open Season Enrollment

Open season is the period during which employees may make an election with respect to the TSP.

a. There are two open seasons each year.

b. Each open season lasts for 2 and 1/2 months with the election period being the last month of the open season.
c. Open seasons are from May 15 through July 31 and from November 15 through January 31. Eligible employees can elect to start, stop, or change their contributions at any time. Eligible employees must submit all participant changes through one of the following options:
   • PostalEASE from LiteBlue or Blue,
   • By calling the Human Resources Shared Service Center (HRSSC) at 877-477-3273, option 1; (TTY 866-260-7507).

591.3
Eligibility to Contribute

591.31
General

All career employees are permitted to contribute to the TSP. The earliest date career employees may begin contributing is determined by their date of employment.

591.32
New Career Employees

The Postal Service enrolls automatically all eligible new career employees into the TSP at a contribution rate of 3%. An employee may increase or decrease his or her participation in the plan through one of the following options:
   • PostalEASE from LiteBlue or Blue,
   • By calling the Human Resources Shared Service Center (HRSSC) at 877-477-3273, option 1; (TTY 866-260-7507).

A career employee is eligible to make an election to begin contributing to TSP beginning with the second open season after the career appointment. An employee who is hired during an open season, but before the election period, has the current open season counted as one of the required two. For example: Career employees hired from January 1 through June 30 are first eligible to make an election during the open season from the following November 15 through January 31. Career employees hired from July 1 through December 31 are first eligible to make an election during the open season from the following May 15 through July 31.

591.33
Rehired Employees

The Postal Service enrolls automatically Federal Employee Retirement System (FERS) or Civil Service Retirement System (CSRS) employees rehired after July 31, 2010, in the TSP at a contribution rate of 3% of their basic pay each pay period. Rehired employees may increase or decrease their contributions through PostalEASE from LiteBlue or Blue, or by calling the HRSSC at 877-477-3273, option 1; (TTY 866-260-7507).
   a. Rehired FERS or CSRS employees, who had a break in service of less than 31 full calendar days and were previously contributing to the TSP, will have their employee contributions and any applicable agency contributions resume upon rehire. If an employee was not previously contributing, he or she can begin at any time.
   b. If an employee is a rehired FERS or CSRS employee who had a break in service of 31 or more full calendar days, regardless of whether the employee was enrolled before his or her break, the Postal Service will enroll automatically the employee in the TSP at 3%.

A career employee who is reemployed and who was eligible to contribute to the TSP during a previous appointment may make an election during the first open season after being reemployed. An employee rehired to a career position who was not eligible to contribute during a previous appointment is treated as a new employee. For example:
   a. Previously eligible employees rehired as career employees from January 1 through June 30 may make an election that July.
Previously eligible career employees rehired as career employees from July 1 through December 31 may make an election that January.

591.34 Reemployed Annuitants

591.341 Eligibility

A reemployed annuitant is an individual rehired by the federal government, who continues to receive basic retirement benefits from CSRS or FERS, are eligible to participate in TSP as follows:

a. If a reemployed annuitant is performing service covered by FERS or CSRS, the reemployed annuitant is eligible to participate in the TSP. Agency contributions for a FERS reemployed annuitant must begin with the effective date of the reappointment to the FERS position.

b. If a reemployed annuitant is not performing covered service, the reemployed annuitant is not eligible to participate in the TSP.

a. CSRS reemployed annuitants may participate regardless of the retirement code in the reemployed position (Code 1, 5, or 42), unless reemployed under Public Law 101-509 (Federal Employees Pay Comparability Act of 1990).

b. FERS reemployed annuitants may participate only if reemployed under FERS. Appointments to intermittent positions or under Public Law 101-509 are not covered by FERS.

c. A reemployed annuitant's first eligible date to participate is determined by whether the reemployment follows a TSP break in service (separation from federal service of 31 or more full calendar days), as follows:

1. If no break in service of 31 days or more has occurred, the TSP election on file is immediately effective, with contributions and loan payments, if any, resuming upon reemployment. For FERS annuitants, the automatic 1 percent contribution and matching contributions, if any, resume.

2. If a break in service of 31 days or more has occurred and the reemployed annuitant was ever previously eligible to participate in TSP, the reemployed annuitant is eligible to make an election during the first open season following the appointment. If not previously eligible, the reemployed annuitant must wait until the second open season following the appointment to make an election.

3. A reemployed annuitant who elects to transfer to FERS is eligible to participate in TSP immediately, regardless of whether a break in service has occurred.

591.342 Contributions Enrollment

Contributions made by a reemployed annuitant are based on the basic salary for the position prior to the required reduction for the annuity she or he is receiving. Reemployed annuitants may resume previous enrollment or be auto-enrolled into the TSP based on the length of the employees' break in service, the same as for rehired employees (see 591.33).

591.343 Contributions

Contributions made by a reemployed annuitant are based on the basic salary for the position prior to the required reduction for the annuity she or he is receiving.

591.35 Transfers From Another Agency
CSRS and FERS employees who transfer from other federal agencies must have the following continue without interruption:

- their TSP loan payment,
- Automatic (1 percent) contributions, and
- Employee and matching contributions (if any) continue without interruption.

Personnel services offices must submit TSP-19, Transfer of Information Between Agencies, to the Eagan Accounting Service Center (ASC).

591.36 Dual Appointments

Federal or Postal Service employees serving in an appointment covered by CSRS or FERS who receive another federal appointment, career or noncareer, are second, simultaneous (dual) appointment, the employee is eligible to participate in the TSP under each appointment. Pursuant to Office of Personnel Management (OPM) regulations, an employee covered by a retirement system under any one appointment must be covered by the same retirement system under all other appointments. When the Postal Service and another federal agency or appointing authority makes the appointments, the following rules apply:

Personnel service offices must submit TSP-19 to the Eagan ASC to advise of current enrollment elections. Participation rules for dual appointments include the following:

a. Based on the appointment date of each agency, the agency enrolls automatically the employees until they elect to change or terminate their participation in the TSP (with each agency). Each agency must use only the basic pay employees earn in the respective agency to determine TSP contributions. Employees covered by FERS receive the automatic (1 percent) contribution under both appointments.

b. If an employee has received a financial hardship in-service withdrawal, both agencies must terminate employee contributions to the TSP during the six-month non-contribution period. At the end of the six-month period, the employee may make separate elections with each agency to begin to contribute to the TSP. If the employee is FERS, the agency must ensure that Agency Automatic (1%) Contributions continue during the six-month non-contribution period. An employee’s TSP-1 on file under the first appointment determines TSP contributions and fund allocations for a subsequent appointment until the next TSP election period. The employee is not permitted to make a new election outside an open season as a result of the subsequent appointment. If the employee’s contribution election is expressed as a percentage of pay, each agency deducts this percentage. If the employee’s contribution election is expressed as a dollar amount, only the first appointing agency deducts this amount from the employee’s pay.

c. Beginning with the first open season following the second appointment, agencies treat the employee separately for purposes of TSP elections.

If the employee’s retirement coverage does not continue under the second appointment, the employee is not eligible to participate in the TSP under the second appointment.

591.4 Permitted Actions

591.41 Open Season

During an open season an eligible employee may submit an election to:
a. Begin contributions.
b. Change the dollar amount or percentage of current contributions.
c. Reallocation or percentage of current contributions.
d. Terminate contributions.

594.42 Interfund Transfers

An interfund transfer is the movement of money already in the employee's account among the investment funds. This movement does not affect contributions from future payroll deductions. Employees are allowed one interfund transfer per month, using the TSP ThriftLine or submitting TSP-30, Interfund Transfer Request, to the TSP Service office.

591.5 Elections

591.51 Form Required

To submit an election, an eligible employee must complete Form TSP-1, Thrift-Savings Plan Election Form, and submit it to the personnel office.

591.52 Number Permitted

Except for an election to terminate contributions, an employee may make only one election during an open season.

591.53 Effective Dates

TSP-1 open season election forms submitted to personnel services offices become effective as follows:

a. Forms received May 15 through June 30 become effective in the first full pay period in July. Forms received in the month of July become effective the earliest possible pay period, subject to Distributed Data Entry and Distributed Reporting (DDE/DR) processing guidelines.

b. Forms received November 15 through December 31 become effective in the first full pay period in January. Forms received in the month of January become effective the earliest possible pay period, subject to DDE/DR processing guidelines.

c. Forms to terminate elections are effective the first full pay period beginning after receipt.

591.54 Election Period

The election period is the last calendar month of an open season and is the earliest period during which an open season election, other than a termination, can become effective.

591.55 Belated Elections

If it is determined that an employee was unable for reasons beyond the employee's control to make an election within the time limits, a belated election may be accepted within 30 calendar days after such determination. The belated election is effective the first pay period after the personnel office accepts the election form.

591.6 CSRS Transfers to FERS
CSRS or CSRS Offset employees who transfer to FERS are permitted 30 days from the effective date of the transfer to submit a TSP election. The election becomes effective the pay period following receipt of the TSP.

591.7 Booklets

The booklet TSPBK08, Summary of the Thrift-Savings Plan for Federal Employees, contains additional information and is available to employees at personnel services offices and on the Web site.

592 Contributions

592.1 Basic Pay

All contributions to the TSP are based on basic pay. Basic pay includes higher level pay but does not include Territorial Cost of Living Allowances, overtime pay, night differential, military pay, allowances, premium pay, or lump-sum terminal leave-payments Refer to ELM 432.2.

592.2 Contribution Rates

Employees must contribute in whole percentages or whole dollar amounts.

592.3 Maximum Contribution Rates

592.31 FERS-Employees

A FERS employee may contribute a percentage of basic pay up to a maximum of 10 percent or a whole dollar amount which does not exceed 10 percent of basic pay. FERS or CSRS employees may contribute a percentage of basic pay up to the IRS annual maximum. Contributions are withheld. The Postal Service withholds contributions each pay period.

592.32 CSRS-Employees

CSRS and CSRS Offset employees may contribute a percentage of basic pay up to a maximum of 5 percent or a whole dollar amount which does not exceed 5 percent of basic pay. Contributions are withheld each pay period.

592.4 Automatic Contributions

592.41 FERS Employees

The Postal Service automatically contributes an amount equal to 1% percent of the employee’s basic pay every pay period. This agency automatic (1 percent) contribution starts the first pay period in the first election period that the employee is eligible to contribute and occurs even if the employee chooses not to contribute. The employee’s salary is not affected by this automatic contribution does not affect the employee’s salary.

592.42 CSRS Employees

There is no agency automatic (1% percent) contribution for CSRS employees.
592.43 Employee Responsibilities Regarding Automatic Enrollment, Participation, and Requests for Refunds of Automatic Enrollment

To change or terminate contributions to the TSP, employees must submit their contribution elections through one of the following:

- PostalEASE from LiteBlue or Blue.
- By calling the HRSSC at 877-477-3273, option 1; (TTY 866-260-7507).

Participants automatically enrolled in the TSP may request a refund of the contributions deducted from their basic pay (including associated earnings) associated with the first 90 days of automatic enrollment. To request a refund, participants must submit TSP-25, Automatic Enrollment Refund Request, directly to the TSP and the TSP must receive it no later than 90 days after the TSP’s receipt of the first automatic enrollment contribution (the refund deadline date).

- The TSP considers the refund it pays to the participant as ordinary income earned, and the TSP will withhold 10% of the refund for the federal income taxes. However, the refund is not subject to the Internal Revenue Code 10% early withdrawal penalty tax.
- FERS participants will forfeit the agency matching contributions (and associated earnings) when their refund request is processed. The agency automatic (1%) contributions remain in the participant’s TSP account.
- If the participant is rehired and is again automatically enrolled in the TSP upon reappointment, he or she may not be eligible for another opportunity to request a refund of automatic enrollment contributions from the period of reemployment. A new 90-day refund period is not allowed unless one full calendar year (January through December) has passed since the participant’s last automatic enrollment contribution.

592.5 Matching Contributions

592.51 FERS Employees

The Postal Service matches employee contributions on a dollar for dollar basis through the first 3 percent of basic pay the employee contributes. The next two percent of basic pay the employee contributes is matches at the rate of $.50 for every $1.00 (see chart below).

<table>
<thead>
<tr>
<th>Employee Contributions</th>
<th>USPS Postal Service Automatic and Matching Contribution</th>
<th>Total Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>1%</td>
<td>2%</td>
<td>3%</td>
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<td>4.5%</td>
<td>8.5%</td>
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<tr>
<td>5%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Over 5% through 10%</td>
<td>5%</td>
<td>5% Plus Employee Contribution 10% plus employee contributions over 5%</td>
</tr>
</tbody>
</table>

592.52 CSRS Employees

There are no agency automatic or matching contributions for CSRS employees.
592.6 Vesting of Contributions

592.61 CSRS Employees

Employees are vested immediately vested in their own contributions and all earnings attributable to these contributions.

592.62 FERS Employees

Employees are vested immediately vested in the following:

- Their own contributions,
- The agency matching contributions, and
- The earnings attributable to these contributions.

Employees are vested in the agency automatic (1-percent) contribution and earnings associated with those contributions after attaining three years of creditable civilian service as determined by their TSP Service Computation Date.

- The Postal Service considers Employees who die in service are considered automatically vested in the agency automatic (1-percent) contributions.
- Employees on the rolls between 1/1/January 1, 1984, and 12/31/December 31, 1986 who the Postal Service were automatically converted to FERS on 1/1/January 1, 1987, received a 1% percent retroactive contribution for that time frame and were vested immediately vested in the retroactive contribution.

592.7 Maximum Contribution Amount

No employee, regardless of salary, may contribute more than $10,000 in 1998 to the TSP. This amount is adjusted annually by the Internal Revenue Service (IRS) based on cost-of-living changes. The TSP announces the limits on the Thriftline, at www.tsp.gov, and various publications.

592.8 Taxes

592.81 Traditional TSP Taxation

Employees electing to make traditional contributions defer paying taxes on their contributions and the earnings until they withdraw them. Employees who are members of the uniformed services, and are making tax-exempt contributions, will have their contributions be tax-free at withdrawal, but their earnings will be subject to tax.

592.82 Federal Income Taxes

Employees make All traditional TSP contributions to the TSP are made on a before-tax basis. The money contributed to the plan is not included when federal income taxes are calculated. TSP contributions are subject to Medicare and Social Security taxes.

592.83 State Income Taxes

The majority of the states that have income taxes also consider contributions to the TSP on a before-tax basis. The law of the state in which the employee resides determines whether TSP contributions are tax deferred is determined by the law of the state where the employee resides.
592.84 Roth (After-tax) TSP Taxation

Employees electing to make Roth contributions have taxes on their contributions withheld from their taxable wages as they make their contributions. Their earnings are then tax-free at withdrawal as long as they meet certain IRS requirements. By contributing after paying taxes on the earnings, employees gain the tax benefit when they begin their post-employment distribution.

The chart below provides basic information on the differences in taxation between traditional and Roth TSP contributions. Employees must contact their accountant, tax preparer, or other certified financial professional to determine which option may be the best for them.

<table>
<thead>
<tr>
<th>The Treatment of...</th>
<th>Traditional TSP</th>
<th>Roth TSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your Paycheck</td>
<td>Taxes are deferred, so less money is taken out of your paycheck</td>
<td>Taxes are paid up front, so more money comes out of your paycheck.</td>
</tr>
<tr>
<td>Transfers In</td>
<td>Transfers allowed from eligible employer plans and traditional retirement accounts (IRA).</td>
<td>Transfers allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s.</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>Transfers allowed to eligible employer plans, traditional IRAs, and Roth IRAs.</td>
<td>Transfers allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs.</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>Taxable when withdrawn</td>
<td>Tax-free earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59 1/2 or older, permanently disabled, or deceased.</td>
</tr>
</tbody>
</table>

TSP will keep an employee's traditional balance and their Roth balance in separate "buckets" in the employee's TSP account for the purposes of tracking contributions and transfers into the account. However, an employee cannot select one or the other balance when requesting transactions such as contribution allocation changes, interfund transfers, loans, and withdrawals. All transactions will include a proportional amount from each balance.

592.9 Insufficient Earnings

592.91 Employees on Leave Without OPay

Since an employee on leave without pay (LWOP) for an entire pay period does not have any basic salary, there are no contributions to the TSP and do not receive agency contributions to the TSP, including the agency automatic (1½ percent) contribution.

Exception: An employee who is on approved LWOP leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees are permitted to make contributions can contribute to the TSP. The allowable contributions
are based on the basic pay with the Postal Service and must be withheld from pay by the organizations paying them. The paying organizations make the decision whether or not to make the agency automatic (1-percent) contributions, and matching contributions, or both, for FERS employees.

592.92 Reduced Earnings

Each pay period, an employee’s TSP contribution is determined based upon the basic pay earned for that pay period. TSP employee contributions can be taken as a partial deduction. When there is not enough available net pay to take the entire deduction, the TSP deduction will be taken based on the priority of deduction schedule established by the Postal Service. 50% of the available pay. Elected TSP contributions are adjusted as follows:

b. If an employee’s elected percentage or dollar amount exceeds the net pay available in a particular pay period, no TSP deductions are made for that pay period.

c. If a whole dollar amount is elected and the amount exceeds 10 percent for FERS or 5 percent for CSRS of the employee’s basic pay for a particular pay period, the deduction is reduced to the maximum percentage allowed.

593 Investments

593.1 Funds Available

TSP is composed of three six funds: the Government Securities Investment Fund (G Fund), the Fixed Income Index Investment Fund (F Fund), and the Common Stock Index Investment Fund (C Fund), the Small Capitalization Stock Index Investment Fund (S Fund), International Stock Index Investment Fund (I Fund), and Lifecycle Funds (L Funds):

a. G-Fund: The G Fund consists exclusively of investments in short term nonmarketable U.S. Treasury securities specially issued to the TSP. G Fund investments earn guaranteed interest at a rate that is equal, by law, to the average of market rates of return on U.S. Treasury marketable securities that are outstanding with 4 or more years to maturity. The interest is calculated on a monthly basis.

b. The F, C, S, and I Funds are index funds; the TSP invests each fund proportionately to replicate the risk-and-return performance of the fund’s benchmark index. F-Fund: The F Fund is invested primarily in the Barclays U.S. Debt Index Fund, a commingled bond index fund designed to track as closely as possible the Lehman Brothers Aggregate (LBA) index. The LBA represents U.S. Government, corporate, and mortgage-backed securities sectors of the fixed-income securities market. These securities, which include bonds, notes, and debentures, usually pay interest semiannually until maturity.

c. The L Funds are invested in the five individual TSP funds (G.G.C.S. and I) based on professionally determined asset allocations. The objective is to strike an optimal balance between the expected risk and return associated with each fund. C-Fund: The C Fund is invested primarily in the Barclays Equity Index Fund, a commingled stock index fund that tracks the Standard & Poor’s 500 Index (S&P 500). A commingled fund is a fund in which the assets of many plans are combined and invested together.

593.2 Investment Options

593.21 Fund Allocation

Employees may allocate their all or any portion of TSP contributions, including agency contributions, among the six investment funds, three investment funds (in 5-percent
Employees must make fund allocations in whole dollars or whole percentage of the employee's basic pay.

Employees who do not make a contribution allocation for their TSP funds will have their contributions invested according to the following rules:

- For employees who were enrolled on or after September 5, 2015, all contributions received by the TSP will be deposited into the Lifecycle (L) Fund targeted most closely to the year they turn 62;
- For employees who were enrolled before September 5, 2015, all contributions to their account are deposited into the Government Securities Investment (G) Fund, until the employee elects another investment option.

### Changing Investments

Employees can request to change the allocation of contributions at any time via telephone or online (see 591.12 for more information). Requests to change the allocation of future contributions are submitted on TSP-1 to personnel services offices during open season periods. Requests to change the allocation of any existing account balance are processed as described.

### Interfund Transfers

An interfund transfer is the movement of money already in the employee’s account among the investment funds. This movement does not affect contributions from future payroll deductions. Employees are allowed one interfund transfer per month, using the TSP ThriftLine or submitting TSP-30, Interfund Transfer Request, to the TSP Service office.

### Participant Statements

#### Frequency

Every employee who has a TSP account receives a participant statement every 6 months. The statement will normally be mailed approximately 30 days prior to an election period. TSP issues participant statements for each participating employee after the end of each calendar quarter, Calendar quarters end March 31, June 30, September 30, and December 31.

#### Contents

The TSP quarterly participant statement contains provides current valuable information about an employee’s account. It covers all transactions for the account during the past three months. Because the statement replicates the information in an employee’s TSP record, it is important for employees to review it and report to the TSP any incorrect information, on the balance in the account and a summary of the activity in the account during the previous 6 month period. It also provides information such as the rates of return for the various funds for the statement period. Specific information includes:

- Name
- Social Security Number
- Beginning and ending balance
- The amount of principal and earnings in each fund by source of contributions
- An itemization of all transactions affecting the account during the covered period.

### Distribution
Participants receive a statement directly from the Federal Retirement Thrift Investment Board. Statements are mailed to the participant's address of record with the Postal Service. Active employees may change their address only by submitting PS Form 1216, Employee's Current Mailing Address, to their personnel services office. The TSP mails the first quarterly statement to employees. After that, TSP statements are available online at www.tsp.gov. In addition, employees can request that the TSP send them quarterly statements by mail. The TSP will send mailed statements to the address of record on file. Employees can update their address through Blue or LiteBlue or by submitting PS Form 1216, Employee's Current Mailing Address, to the HRSSC.

593.34 Transactions

593.341 Types of Transactions

The statement will show the following types of transactions, whenever applicable:

a. Contributions
b. Earnings
c. Withdrawals
d. Forfeitures
e. Loan Activity
f. Transfers Between Funds
g. Adjustments

593.342 Information Concerning Transactions

The following information concerning each transaction will also be shown:

a. Pay period the transaction occurred.
b. Investment fund affected.
c. Source of contributions.
d. Amount of the transaction.

594 Adjustments

594.1 Responsibility

The Postal Service is responsible for correcting any improper or erroneous TSP withholding. The Postal Service can adjust an employee's TSP account only if it is covered by these procedures. The Postal Service can adjust an employee's TSP account only if the procedures in 594.2-594.4 cover it.

594.2 Elections Not Processed

Employees can make contribution elections at any time. If an election is delayed, the employee can change the contribution amount or percentage to achieve the desired annualized amount. The Postal Service will not process any retroactive contributions unless an employee is eligible for catch up contributions.

594.21 Reasons Beyond Employee Control

When an employee fails to enroll, or is delayed in enrolling or making changes to a previous election for reasons beyond the employee's control, but not because of any Postal Service action, the personnel services office may accept a belated election. The belated election is effective the first pay period after the personnel services office accepts the election form. No retroactive contributions are permitted for any pay periods prior to the effective date of the election.
594.22 Administrative Error

If an election form is turned in by an employee during an open season and for whatever reason not processed on time, the election must be processed retroactively as soon as the administrative error is discovered. The appropriate adjustment is then processed.

594.3 Overdeductions

594.31 Correction

In cases where the nonprocessing of an election form, or the incorrect processing of an election form, results in an overdeduction of contributions, the correct election must be processed via DDE/DR immediately with the same effective date as the original error.

594.312 Excess Contributions

Excess contributions are not permitted to remain in an employee's TSP account. At the time the excess contributions are returned to the employee, they will be subject to normal income taxes. Personnel services offices must notify the Eagan ASC Payroll Processing Branch of the error in writing, attaching copies of all TSP-1 elections in effect for the period in which the erroneous overdeductions occurred. The TSP returns to the employee contributions that exceed the deferral limit. The Postal Service treats excess contributions as taxable income for the year in which the employee contributed.

594.323 Amount of Adjustment

The employee will receive the full amount that was the Postal Service overdeducted even if the following occurs:

- The adjustment involves index funds, the G and/or F fund, and
- There has been an investment loss.

If the full amount is not refunded, the employee may file a claim. (See 594.7) for the claim procedure.

594.33 Earnings

Any earnings posted to the employee's account because of the excess contributions will remain in the account unless the refund of excess contributions would liquidate the account.

594.4 Underdeductions

594.41 Correction

In those instances where the non-processing of an election form or the incorrect processing of an election form results in an under-deduction, the TSP must correct the election immediately via DDE/DR with the same effective date as the election containing the error.

594.42 PS Form 6886, Thrift Savings Plan Request for Retroactive Contributions

Subsequent to correction of the error a PS Form 6886, Thrift Savings Plan Request for Retroactive Contributions, must be prepared. PS Form 6886 must be prepared in all instances of underdeductions even if the employee does not wish to contribute make-up contributions.
592.43 Preparation

The personnel services office prepares a PS Form 6886 is prepared after the correction of the administrative error via DDE/DR. It must be completed with the employee's name, Social Security number, and finance number, as well as the total pay periods in which the administrative error occurred, what percentage or amount was in error and the correct percentage or amount that is now being deducted. Personnel must then calculate the estimated total amount of the underdeduction is calculated and entered on the form. Once all of these items have been completed, the original of the form is sent to the employee while personnel retains a copy is retained by the Postal Service, pending return of the form from the employee.

592.44 Decision

The employee decides whether to contribute make-up contributions. Makeup contributions are contributed through payroll deductions. The employee is required to make a decision within 30 days of receipt of the form. If an employee does not return the form within 30 days, that individual forfeits the right to contribute make-up contributions.

592.45 Disposition

594.451 No Return of PS Form 6886

If the employee does not return the PS Form 6886 within 30 days, personnel officials (1) annotate the copy "No Reply Within 30 Days — No Action Taken" and (2) file the form in the employee's OPF.

594.452 No Make-up Contributions

An employee who chooses not to contribute make-up contributions simply checks the appropriate block, signs the form, and returns it to personnel where the form is certified and filed in the employee's OPF as a permanent record.

594.453 Make-up Contributions

An employee who wishes to contribute make-up contributions chooses the number of pay periods over which contributions will be made. The minimum number of pay periods for make-up contributions is one. The maximum number of pay periods is four times the number of pay periods over which the error occurred. Whenever multiple pay periods are involved, the make-up contributions will be in equal amounts each pay period. In no instance may anything less than the full amount of the adjustment be deducted. The employee cannot elect make-up contributions for a portion of the period that was in error.

594.46 Processing

594.461 Upon receipt of a signed PS Form 6886 requesting make-up contributions, the form is personnel services office reviewed, signed, and dated, with the form, signs and dates it, and forwards the original sent to the Eagan ASC. A copy of the form is also stored, address on the form. Personnel retains and files a copy in the employee's OPF.

594.462 The Eagan ASC verifies that the amount on the form is correct. If the estimated total deduction entered on the form by the personnel office is incorrect, the PS Form 6886 will be returned to personnel indicating the correction. The employee must be notified, and the correction must be annotated on the form in the OPF. Personnel returns the corrected
PS Form 6886 to the Eagan ASC for processing if the employee still wishes to contribute make-up contributions.

594.463 If the employee has insufficient wages to withhold the full amount for the pay period, no contribution is made. These periods do not count against the number of pay periods chosen for make-up contributions. When the employee has sufficient wages again, make-up contributions resume and continue until the full amount has been withheld or the employee elects to discontinue them.

594.464 If there is insufficient net pay to make all the TSP contributions, the regular TSP contributions will take precedence over the employee’s make-up contributions.

594.465 Employees making up an underdeduction will have make-up contributions allocated in accordance with the TSP-1 election currently in effect. If the employee was erroneously denied participation in TSP, a separate TSP-1 may be completed for each open season that occurred during the period of underdeduction. If the employee fails to make a current election, all make-up contributions are designated to the G fund for the period of underdeduction.

594.466 Once the make-up contributions have begun, the employee may choose to terminate them. However, the decision to terminate is irrevocable. A PS Form 6886 must be prepared showing the employee’s decision to terminate the make-up contributions. Personnel then signs and dates the form, and sends it to the Eagan ASC. A copy of the PS Form 6886 terminating the make-up contributions is attached to the PS Form 6886 in the OPF which requested the make-up contributions.

594.467 If an employee transfers to another agency, the new agency must be advised of the error. If the new agency advises that the employee elects to contribute make-up contributions, or to continue make-up contributions that began before the transfer, coordination between the personnel services new agency offices and the Eagan ASC is necessary.

594.468 Earnings attributable to the period of underdeduction (if any) are posted to the employee’s account in accordance with TSP lost earnings regulations.

594.5 Resuming and Make-up Contributions

Employees returning to work from military leave must do the following:

a. Ensure that their contributions resume and are deducted from their pay.

b. Decide whether they want to make up contributions to their civilian TSP account for the period missed because of their military service (including catch-up contributions if they are age 50 or older).

c. Submit a written request to the agency within 60 days of the date of their reemployment or restoration to federal civilian service to make up eligible missed TSP contributions.

d. Contact their district Human Resources office to request information on the procedures from processing USERRA claims.

FERS employees may be eligible to claim retroactive matching contributions to their civilian account. Eligible employees must have done one of the following:

- Contributed from basic pay to their uniformed services account while they were on nonpay status performing military service.
- Elected to make employee contributions when they returned from military service.

Employees must keep their leave and earnings statements while on active duty to facilitate their claim.
Returning employees must review closely the balance and transactions in their civilian TSP account. FERS employees that notice the removal of agency automatic (1%) contributions and attributable earnings from their account while they were in a nonpay status must contact the HRSSC about how to restore these funds.

**594.65** Erroneous Retirement System

Whenever an action is processed correcting an employee’s retirement system from CSRS to FERS or from FERS to CSRS, the employee is encouraged to review his or her TSP contributions to determine if he or she must make any adjustments.

When a correction results in an employee moving into a retirement plan that does not allow for agency contribution (1%), matching contributions, or both, the TSP will deduct agency contributions from the employee’s TSP account permitted to complete a new election form(s) in the same manner as if the erroneous classification had not occurred. If the error spanned more than one election period, the employee may elect to participate, change amounts or distributions, or terminate coverage according to the rules pertaining to the relevant open season. The procedures for underdeductions in 594.4 and overdeductions in 594.3 must be followed. Only the most current election form is entered at the DDE/DR site. A copy of all applicable election forms must be attached to PS Form 6886 or PS Form 2240 when it is sent to the Eagan ASC.

**594.66** Back Pay Awards

**594.661** General Rule

An employee receiving a back pay award must be made whole with respect to participating in the TSP. The Eagan ASC must follow the procedures in 594.672 and 594.673 must be followed when processing back pay awards.

**594.662** Erroneous Separation

The employee may elect participation or termination of elections in the same manner as though the separation did not occur. The most current election form must be processed at the DDE/DR site to begin or terminate withholdings when the employee is returned to the rolls. When the back pay claim is sent to the Eagan ASC, a copy of the election form(s) must be included. The Eagan ASC computes the TSP amount and withholding from the back pay award. The USPS contributions are computed as appropriate.

Refer to 591.33 for instructions for rehired employees. If an employee sends a back pay claim to the Eagan ASC, the Eagan ASC will handle any retroactive withholdings in accordance with the applicable Back Pay Management Instruction.

**594.663** Continuous Service

Employees who receive a back pay adjustment and who are not separated from service receive an adjustment for contributions only if they previously elected coverage. The Eagan ASC processes the adjustment automatically.

**594.67** Claim Procedure

**594.671** General Rule

The employee may file a claim for correction with the HRSSC if any of the following situations occur.
There is a dispute between regarding the Postal Service's findings of the Postal Service relating to an employee's entitlement to make-up contributions—or
The amount refunded as a result because of an administrative error was less than the amount previously withheld;
The employee discovers some other error involving the correct payment to the TSP may file a claim for correction with the personnel service office.

594.872 Review of Claim

All employee claims must be reviewed by the HRSSC to determine whether the claim relates to an error made by the Postal Service or by the Federal Retirement Thrift Investment Board. If the claim relates to Board errors, the claim must be sent to the following address within 10 days of the Postal Service's receipt of the claim:

THrift Savings PLaN ServIcE-oFFIcE
NaTIONAL FINANCE CENTER
PO BOX 61500-38501
NEW ORLEANS, LA 70161-1600 BIRMINGHAM, AL 35238

The employee must be advised of the referral by the HRSSC.

594.873 Postal Service Decision

When the claim relates to the Postal Service, the personnel service office HRSSC must provide the employee with a decision or with good cause for requiring more time to decide the claim, within 30 days of receipt. If the decision is HRSSC decides to deny the claim, the HRSSC must send the denial in writing and it must contain the following information:

a. The reason for the denial, with references.
b. A description of any additional material or information necessary to approve the claim with an explanation of why it is necessary.
c. Steps to be taken if the employee must take wishes to appeal the decision.

594.874 Employee Appeal Rights

The employee may appeal the denial, in writing, within 30 days after receipt of the decision, to the appropriate Human Resources manager or designee. Under no circumstances may the designee cannot be the same individual who originally denied the claim.

594.875 Final Decision

The appropriate Human Resources manager or designee must make the final decision must be made, in writing, within 30 days after receipt of the employee's appeal unless the Postal Service provides the employee with good cause for requiring more time to decide the appeal. There is no administrative appeal of the Postal Service's final decision.

Once the employee exhausts administrative remedies, the employee is eligible to file suit in the appropriate federal district court upon receipt of the Postal Service's final decision, or within 30 days of submission of the employee's appeal, if no final decision has been issued in the following situations:

a. Upon receipt of the Postal Service's final decision, or
b. If the Postal Service has not issued a final decision or provided a good cause for delay within 30 days of its receipt of the employee's appeal.

594.876 Time Limitation
An employee wishing to submit a claim under this section must do so within 1 year of receipt of the Earnings Statement reflecting the error, or 1 year of the close of the first election period following receipt of the Thrift Savings Plan Participant Statement reflecting the error, whichever comes first. The time limit does not apply to Postal Service initiated corrections.

The Postal Service must act to correct an error for which the employee files a claim within six months of the error's occurrence.

The Postal Service may use its discretion in deciding whether to correct it in the following situations:
- If more than six months have passed since the error occurred when the employee files a claim to correct the error, or
- The Postal Service independently identifies the error.

595 Termination of Contributions

595.1 Definition

A termination is an election by an employee who is already contributing to the TSP to stop contributions.

595.2 Submissions

Employees may elect to submit Form TSP-1, Election Form, to terminate contributions at any time. The employee can terminate contributions through one of the following:
- PostalEASE from LiteBlue or Blue,
- By calling the HRSSC at 877-477-3273, option 1; (TTY 866-260-7507).

595.3 Effective Date

Elections to terminate contributions are effective no later than the first day of the first pay period beginning after the date HRSSC receives the election form is submitted to personnel.

595.4 Subsequent Elections

595.41 Submitted During Open Season

An employee who makes an election during open season to terminate contributions may make another election during the next open season to begin contributing again.

595.42 Submitted Other Than Open Season

An employee who makes an election at any time other than during an open season to terminate contributions may not make an election to contribute to TSP until the second open season following the termination.

595.43 Effective Date for Subsequent Elections

The following table shows the earliest date when contributions may resume following an election to terminate. Elections are always effective no sooner than the first full pay period in the election period. While the chart shows January 1 and July 1, the actual date will be the beginning of the first full pay period in that month. Open seasons are listed separately.
<table>
<thead>
<tr>
<th>Effective Date of Termination</th>
<th>Resume Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1-May 14</td>
<td>January 1</td>
</tr>
<tr>
<td>May 15-July 31</td>
<td>January 1</td>
</tr>
<tr>
<td>August 1-September 14</td>
<td>July 1</td>
</tr>
<tr>
<td>September 1-January 1</td>
<td>July 1</td>
</tr>
</tbody>
</table>

596 Loans

596.1 Eligibility

Employees must meet the eligibility requirements set forth by the TSP to participate in the TSP loan program. For more information, use any of the following options: have at least $1,000 of their own contributions and the earnings associated with those contributions in their TSP account to be eligible to apply for a loan.

- Visit www.tsp.gov
- Call the Thrilline
- Review the booklet, Thrift Savings Loan Program, which contains additional information for employees interested in the loan program.

Married FERS participants must have their spouses consent to the loan by signing the Loan Agreement sent by the TSP. The TSP will notify the spouses of married CSRS participants who apply for a TSP loan.

596.2 Types of Loans

596.21 Residential Loans

Residential loans are only for the purchase or construction of a primary residence. These loans require determination, and have a repayment term of 1 to 15 years.

596.22 General Purpose Loans

Employees can use general purpose loans can be used for any purpose. These loans do not require documentation and have a repayment term of 1 to 5 years.

596.3 Applications

596.31 TSP-20, Thrift Savings Plan Loan Application

This form is provided to any eligible employee who requests it. The TSP provides TSP-20, TSP Loan Application, to any eligible employee who requests it. The employee is responsible for completing the form and submitting it to the TSP Service Office.

596.32 Documentation

Residential loans require documentation as specified by the TSP on the TSP-21-R, Residential Loan Documentation, which is mailed to the employee by the TSP Service Office. Following the acceptance of the TSP-20, the TSP will request the necessary documentation from the employee along with the Loan Agreement. There is no loan documentation requirement for general purpose loans.
596.4 Interest

596.41 Rate

The interest rate charged on the loan is the latest available interest rate for the G Fund at the time the application is received. The interest rate will be shown on the Loan Agreement the employee receives from the TSP Service Office.

596.42 Guarantee

The interest rate is guaranteed for 45 days. If the TSP Service Office does not receive the signed Loan Agreement within that time frame, the application is cancelled.

596.43 Duration

Once the Loan Agreement is signed and received by the TSP Service Office within the established time frames the interest rate is fixed for the life of the loan.

596.44 Payment

The interest along with repayments on loan principal paid by an employee is deposited into the employee's TSP account.

596.45 Taxes

Because the interest paid by the employee is paid into the employee's TSP account, the interest is not tax-deductible and is not tax-deferred.

596.5 Restrictions

596.51 Amounts

596.511 Minimum Amount

The minimum an employee can borrow is $1,000. Employees must have at least $1,000 of their own contributions and the earnings associated with those contributions in their TSP account to be eligible to apply for a loan.

596.512 Maximum Amount

The Federal Employees' Retirement System Act (FERSA) of 1986 and Internal Revenue Code (IRC) limit the amount employees can borrow. Employees can never borrow more than $50,000 nor more than the total of their own contributions and the earnings associated with those contributions. The employee contribution and associated earnings balance and previous TSP activity are additional factors that determine maximum funds available for loan purposes (see 596.7).

596.52 Duration

596.521 Minimum Duration

The minimum length of a loan is 1 year.

596.522 Maximum Duration
The maximum length for a general purpose loan is 4 years. The maximum length of a residential loan is 15 years.

**596.53 Collateral**
The employee is not required to put up any property or other security for a loan.

**596.54 Basic Pay Test**
When employees apply for a loan, they are required to show that they will have at least 10 percent of their basic pay left each pay period after the loan payment is made. Employees will be required to submit copies of their most recent earnings statements to the TSP Service Office for this purpose.

**596.55 Number of Loans**
Employees may have two outstanding loans at any time. However, they may have only one residential loan at a time.

**596.56 Spousal Rights**
FERA provides certain rights to spouses of TSP participants. Therefore, employees must indicate marital status on the TSP-20. Married CSRS employees must supply the spouse’s name and address, as the TSP Service Office must inform the present spouse upon receipt of the loan application. Married FERS employees must have spousal consent for loans, acknowledged by the spouse’s signature on the Loan Agreement supplied by the TSP Service Office. Exceptions to spousal rights provisions are explained in TSP loan material.

**596.57 Court Orders**
Certain court orders on file at the TSP that award payment from the account to someone other than the employee place a hold on the account and disallow approval of loan applications (see 596.1).

**596.46 Loan Repayment**

**596.41 Payroll Deductions**
Loans must be repaid in substantially equal installments through automatic payroll deductions. Employees who wish to repay their loans in full must contact the TSP Service Office which will supply them with the full repayment amount. Employees then pay the full amount directly to the TSP Service Office, which will notify the Postal Service to end the automatic deduction. No partial direct payments are permitted.

Regularly scheduled loan payments are made through payroll deductions. After the TSP disburses the loan, the TSP will notify Eagan ASC to begin immediately deducting loan payments from your salary each pay period. Loan payments must start within 60 days of disbursement.

The employee must ensure that correct loan payments are submitted on time. Even if the Postal Service was responsible for a missed loan payment, the employee must pay the missed amount directly to the TSP using his or her personal funds to avoid a taxable distribution. Eagan ASC cannot make up missed payments from the employee’s paycheck. Employees must regularly check their earnings and leave statement to be sure that loan payments have started in the correct amount.
Employees must review their statements and report any discrepancies to the Postal Service. Employees can review their loan payments in the following ways:

- The quarterly participant statement and annual participant statement.
- By logging into My Account on the TSP website for loan payments made within the last 90 days.

Employees who change agencies or payroll offices must inform their new agency or service that they have a TSP loan and instruct it to continue TSP loan payments. Until the new agency or service begins deducting loan payments from their pay, employees must submit loan payments directly to the TSP. If an employee transfers to an agency that has a different pay cycle from the previous agency, the employee must re-amortize his or her loan to update the pay cycle and avoid missing loan payments.

Members of the Ready Reserves whose drilling intervals are irregular (i.e., other than monthly) and civilians with intermittent pay schedules must consult with the Postal Service before taking a loan from their TSP accounts so that they do not miss loan payments that could result in tax consequences.

596.427 Additional Information Reamortization

The booklet, TSPBK04, Thrift-Savings Loan Program, contains additional information and should be provided to employees interested in the loan program.

Employees can re-amortize their loan at any time to change the payment amount or to shorten or lengthen the repayment term, so long as the term does not exceed the prescribed maximum terms. An employee has an unlimited number of re-amortizations during the life of a loan. Employees can re-amortize their loan at www.tsp.gov or by calling the TSP.

596.436 Verification of Participant's Account Suspending or Missing Payments

Employees who wish a verification of their TSP account balance for a financial institution should have the financial institution write to:

THrift-savings-plan Service Office
Client Liaison and Counseling Section
National Finance Center
P.O. Box 81502
New Orleans LA 70161-1500

The request must include the participant's name, Social Security number, date of birth, and the participant's signature authorizing the release of the information. The financial institution should enclose a self-addressed, stamped envelope.

Employees cannot suspend their loan payments. Employees experiencing financial difficulties may be able to re-amortize their loans to reduce the amount of each payment, but they cannot suspend or stop loan payments.

At the end of each calendar quarter, the TSP identifies accounts with missing loan payments. Employees who have missed a loan payment will receive a notice from TSP indicating that they have until the end of the following calendar quarter to pay the missing amount. Failure to pay by the date on the notice may result in serious tax consequences.
Employees can make additional loan payments by personal check or money order to restore their accounts more quickly or to make up for missed payments.

- Employees must make checks and money orders payable to the Thrift Savings Plan and send the payment with a TSP-26, Loan Payment Coupon. Employees can download TSP-26 from the TSP website.
- Employees must provide their complete TSP account number and loan number on the check or money order and the TSP-26. If any information is missing, the TSP will return the payment.
- After several days, employees will receive a notice confirming the payment.

### 596.44 Prepayment

Employees can prepay their loans in full at any time without a prepayment penalty using the same procedures outlined in 596.43. The ThriftLine or www.tsp.gov can provide the prepayment amount, which includes all unpaid principal and any unpaid interest. The TSP will notify the employee and Eagan ASC when the employee has paid the loan in full. If payments continue, the employee must contact Eagan ASC immediately.

### 597 Withdrawal of Funds

#### 597.1 Eligibility

TSP is a long-term savings program designed to provide retirement income. Funds may be withdrawn upon retirement, separation, or death. In addition, employees may make in-service withdrawals under limited circumstances (see 597.3).

#### 597.2 Withdrawals Upon Separation

#### 597.21 Withdrawal Options

Persons who have separated or retired are provided with several options for the withdrawal of TSP funds. Visit www.tsp.gov or call the ThriftLine for more information. These options are:

a. **Life annuity** — This is a monthly benefit paid to the separated person (or his or her survivor) for life. (Refer to TSPBK05, Thrift Savings Plan Annuities.)

b. **Single payment distribution** — This is a distribution of the entire account balance in one payment.

c. **Monthly payments** — This distribution is made in a series of payments calculated over a fixed number of months or in a fixed dollar amount until depletion of the account balance.

d. **Transfer of an Individual Retirement Account (IRA).**

#### 597.22 Mandatory Automatic Cashout

Persons separated with vested account balances of $3,500 or less are subject to the TSP automatic cashout procedures. Unless the TSP will automatically send such person a check for the balance of his or her account after the Postal Service reports that the person has separated, Service Office is in receipt of a TSP-70, Withdrawal Request, advising of the election of a withdrawal option as listed in 597.21 or an election to leave money in the TSP, funds are automatically paid.

#### 597.23 Required Minimum Distribution

Regulations passed under the Thrift Savings Plan Act of 1986 (Public Law 104–208) taking effect in March 1998 regarding TSP withdrawal elections provide as follows:
Employees who separate after they reach age 70 1/2 must withdraw their TSP accounts (or begin receiving monthly payments) by April 1 of the year following the year in which they separate.

Separated participants must withdraw their TSP accounts (or begin receiving monthly payments) by April 1 of the year following the year in which they reach age 70 1/2.

Separated participants who do not make a withdrawal election by the deadline have an annuity purchased for them by the TSP (refer to booklet TSPBK05, *Thrift Savings Plan Annuities*).

Participants who leave their money in the TSP following retirement or separation, are required to start withdrawing their money by April 1 of the year following either of the following:

a. The year they turn 70 1/2, if they are separated from federal employment or the uniformed services.

b. The year they separate from federal service, if they have already reached age 70 1/2.

In addition, separated participants can purchase an annuity that will make payments to them for life. You can find more information on TSP annuity options in the TSP Booklet, *Withdrawing your TSP Account after Leaving Federal Service*.

If you do not begin withdrawing your account by the required deadline, you will forfeit your account balance to the TSP. You can reclaim it; however, you will not receive earnings on it from the time you forfeited it.

### Spousal Rights

#### Vested Account Balances of More Than $3,500 CSRS Participant Amounts

FERSA provides certain rights to spouses of TSP participants. Married participants with vested account balances of more than $3,500 must satisfy the spouses’ rights requirement before the withdrawal option requested may be processed. A spouse of a FERS participant is entitled to a survivor annuity under a joint-life annuity. Employees electing to purchase a different type of annuity, a single payment withdrawal, or a series of monthly payments must include a statement signed by their spouse waiving spousal right to the required annuity. A spouse of a CSRS participant must be notified of the elected withdrawal option and any future change to that election. Exception to spousal rights requirements are explained in TSP withdrawal material.

The spouse of a CSRS participant is entitled to notice when the participant applies for a withdrawal after separation. The participant must provide the TSP with the spouse’s correct mailing address.

Participants who are unable to provide their spouse’s address may be able to obtain an exception by submitting TSP-16, *Exception to Spousal Requirements*, to the TSP.

Combining a civilian account with a uniformed-services account will change your spouse’s rights.

#### Vested Account Balances of $3,500 or Less FERS Participants

For withdrawals of vested account balances of $3,500 or less, see 567.22.

FERS participants making partial withdrawal must obtain written, notarized consent from their spouses on the withdrawal form.
The spouses of FERS participants with a total TSP account balance of more than $3,500, who are making full withdrawal, are entitled to a joint life annuity with a 50% survivor benefit, level payments, and no cash refund. Alternatively, the participant's spouse must sign the waiver statement on the withdrawal waiving his or her right to the annuity.

Combining a civilian account with a uniformed-services account will change your spouse's rights.

597.3 In-Service Withdrawals

597.31 Type of Withdrawal

In-service withdrawals provide employees with an opportunity to withdraw funds from their TSP accounts while still employed, including employees in nonpay status. Two types of in-service withdrawals are available:

a. Age-based withdrawal – This option allows employees who are 59 1/2 or older a one-time opportunity to withdraw all or a portion of the vested account balances.

b. Financial hardship withdrawal – This option allows employees, (regardless of age) who demonstrate financial hardship covered by covered events, an opportunity to withdraw their own contributions and the earnings on those contributions, up to the amount of the documented hardship.

See TSPBK-12, In-Service Withdrawals, for more information.

597.32 Application

TSP-75, Age-Based In-Service Withdrawal Request, and TSP-76, Financial Hardship In-Service Withdrawal Request, are available from the TSP Service Office, the Web site, or the personnel services offices on www.tsp.gov or in the personnel services offices LiteBlue.usps.gov.

597.33 Restrictions

597.331 Pay Period Contributions

Employees who receive financial hardship in-service withdrawals may not make employee contributions to their TSP account or receive matching agency contributions for a period of approximately six months. This six-month period is called a non-contribution period. The noncontribution period begins on the first day of the pay period following the 46th day after the date the funds are disbursed. The noncontribution period ends on the first day of the pay period following the 226th day after the funds are disbursed. FERS employees in pay status continue to receive the agency automatic (1 percent) contribution.

597.332 Spousal Rights

FERSA provides certain rights to spouses of TSP participants. Therefore, employees must indicate marital status on the TSP-75 and TSP-76. Married CSRS employees must supply spouse's name and address, as the TSP Service Office must inform the present spouse upon receipt of the in-service withdrawal request application. Married FERS employees must have spousal consent for in-service withdrawals, acknowledged by the spouse's signature on the in-service withdrawal request application. Exceptions to spousal rights provisions are explained in TSP withdrawal material.

597.333 Court Orders
Certain court orders on file at the TSP that award payment from the account to someone other than the employee place a hold on the account and disallow approval of in-service withdrawals (see 598.1).

597.4  
**Death**

597.41  
**Prior to Separating**

If an employee dies while still employed, the TSP distributes the balance in the TSP account in accordance with Form-TSP-3, *Designation of Beneficiary*. If no designation of beneficiary is on file, the account is distributed in accordance with the order of precedence required by law:

a. To the surviving spouse.
b. If none, to the child or children and descendants of deceased children.
c. If none, to any surviving parents.
d. If none, to the duly appointed executor or administrator of the estate.
e. If none, to the next of kin who is entitled under the laws of the state in which the employee is living at the time of death.

597.42  
**After Separation**

The TSP pays any remaining balance in the same manner as in 597.41 unless the participant purchased an annuity was purchased, in which case the TSP provides benefits are provided according to the annuity contract. For more information, see TSPBK31, *Death Benefits Information for Participants and Beneficiaries*.

597.5  
**Spousal Rights**

Federal law grants certain rights to spouses and former spouses regarding TSP funds. The TSP must take these rights into consideration when participants apply to withdraw funds after separation or while actively employed, or apply to borrow funds under the TSP loan program (see 596.66, 597.24, and 597.332).

597.6  
**Withdrawal Packages**

597.61  
**Personnel Services Office HRSSC Responsibilities**

597.611  
**Separations and Retirements**

All TSP participating employees who separate or retire must receive a TSP Withdrawal Package at the time of separation. TSP participating employees are all employees who have a TSP account, including the following:

- FERS employees who are not contributing and only receiving agency automatic (1 percent)-contributions and
- Employees who are not currently contributing but who have established an account in the past.

597.612  
**Deaths**

The TSP must provide a TSP Withdrawal Package to representatives (family members or other interested individuals) of deceased participating employees, including those in a nonpay status, who request to file death claim applications. must be provided a TSP Withdrawal Package. Deceased employees are considered automatically vested in any agency automatic (1 percent) contributions and earnings associated with those contributions (see 597.611 for a definition of participating employees).
The following materials must be included in all TSP Withdrawal Packages:

a. TSPBK02, Withdrawing Your TSP Account.
b. TSP70, Withdrawal Request, with TSP-70 T, Transfer Information, attached.
c. TSP-3, Designation of Beneficiary.
d. TSP-9, Change of Address for Separated Participants.
e. TSP-16, Exception to Spousal Requirements.
f. TSP-17, Application for Account Balance of Deceased Participant.
g. Important Tax Information About Payments From Your Thrift Savings Plan Account.

Additional Information

The following booklets contain additional information concerning participant's options:

- TSPBK02, Withdrawing Your TSP Account Balance, and
- TSPBK12, TSP In-Service Withdrawals, contain additional information concerning participant's options.

Return to Federal Service

If an individual re-enters government service after separating or retiring with a vested balance, the following applies:

a. Forfeited Balance. Any amount that was forfeited as a result of the previous separation remains forfeited.
b. Civilian Service. Prior periods of civilian service that are still creditable are added to the current period to determine vesting.
c. Withdrawing Fund in Equal Installments. If the individual is receiving equal installments from TSP, the installment will stop upon reemployment.
d. Receiving an Annuity. If the individual is receiving an annuity, it will continue upon reemployment.

Court Orders

Types

The Federal Retirement Thrift Investment Board honors the following orders for the enforcement of outstanding child support or alimony obligations under regulations issued at 5 CFR Part 1653. The Board also honors the following retirement benefits court orders that are issued in connection with a divorce, annulment, or legal separation and that meet the requirements of the Board's regulations:

a. Preliminary court orders issued prior to final decree, for the purpose of freezing a participant's TSP account. Orders for the enforcement of outstanding child support or alimony obligations under regulations issued by 5 CFR Part 1653.
b. Final court orders. The following retirement benefits court orders that are issued in connection with a divorce, annulment, or legal separation and that meet the requirements of the Board's regulations
   a. Preliminary court orders issued before final decrees, for freezing a participant's TSP account.
   b. Final court orders
   c. Amendatory court orders issued subsequent to a decree for the purpose of amending the decree with respect to the TSP.

Requirements

A qualifying Retirement Benefits Court Order must meet the following criteria to be honored by the Board:
a. The order must *expressly relate* to the TSP account.
b. The amount of entitlement in the order must be *clearly determinable*.
c. The order must require *one of the following*:
   i. ___ payment to a person other than the TSP participant. The TSP to freeze the participant’s account pending a final resolution.
   ii. ___ A payment to a permissible payee

598.3 Notification

The Board notifies participants of the following:
   a. Any court orders received against their accounts, and The Board will advise that it has frozen the account has been frozen to prevent withdrawal of funds and loan opportunities.
   b. The Board also informs participants of its decision regarding such court orders, and if applicable, the Board gives them information about how to appeal.

598.4 Effect on Withdrawal Options

A participant’s choice of a withdrawal option cannot conflict with the provisions of a valid court order. If there is a court order on file with the Board and the participant selects an option that cannot be processed because of the court order, the Board notifies the participant is notified and asks him or her to make another choice.

598.5 Effect on Loans

A qualifying court order may restrict the employee’s ability to receive a loan.

The TSP reviews each court order individually to determine its effect.

598.6 Address

Qualified court orders must be submitted to the following address:

THrift Savings Plan Service Office
NATIONAL Finance Center
P.O. BOX 61500
NEW ORLEANS LA 70161-1500

TSP Legal Processing Unit
P.O. Box 4390
Fairfax, VA 22038-4390

Fax: 703-592-0151

598.7 Additional Information

The booklet TSPBK11, *Information About Court Orders and Powers of Attorney*, contains additional information concerning handling of court orders. This booklet is available at personnel services offices or on [www.tsp.gov](http://www.tsp.gov) the Web site.

599 TSP Contact Mailing and Fax Information

599.1 Forms and General Correspondence:

Mailing Address: __________________________ Fax Number: __________________________
599.2 **Loan Payments**

**Mailing Address:**
Thrift Savings Plan
P.O. Box 385021
Birmingham, AL 35238

**Overnight Delivery:**
US Bank
P.O. Box 979004
Box 9004
St. Louis, MO 63197-9000

Government Lockbox SL-MO-C2GL
1005 Convention Plaza
St. Louis, MO 63101

599.3 **Transfers or Rollovers of Funds to the TSP**

**Mailing Address:**

TSP Rollover and Transfer Processing Unit
P.O. Box 385200
Birmingham, AL 35238-5200

**Overnight Address:**

IBS-TSP Processing Unit
10 Inverness Center Parkway
Suite 610
St. Louis, MO 63101

**Fax Number:**
Toll free: 1-866-458-1452
Not toll free: 205-439-4501

Do not submit any withdrawal forms to these addresses. Instead, use the address in 599.1

599.4 **Court Orders and Legal Process Actions**

**Mailing Address:**

TSP Legal Processing Unit
P.O. Box 4390
Fairfax, VA 22038-4390

**Overnight Delivery:**

ATTN: TSP Legal Processing Unit
12210 Fairfax Town Center
Unit 906
Fairfax, VA 22033

**Fax Number:**
703-592-0151

599.5 **Death Benefits Claims**

**Mailing Address:**

TSP Death Benefits Processing Unit
P.O. Box 4450
Fairfax, VA 22038-4450

**Overnight Delivery:**

ATTN: TSP Death Benefits Processing Unit
12210 Fairfax Town Center
Unit 906
Fairfax, VA 22033

**Fax Number:**
703-592-0151

599.6 **Federal Tax Levies and Criminal Restitution Orders**

**Mailing Address:**

TSP Legal Processing Unit
ATTN: TSP Legal Processing Unit