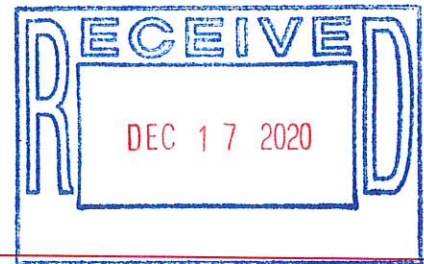


LABOR RELATIONS



December 14, 2020

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

Dear Mr. Wagner:

As a matter of general interest, the Federal Retirement Thrift Investment Board (FRTIB), which administers the Thrift Savings Plan (TSP), is switching to the "spillover" method for catch-up contributions to simplify the process.

Beginning with the first pay period of 2021, employees who are 50 or older and those who will turn 50 during the year will no longer be required make a separate catch-up contribution. Instead, once the employee reaches the annual limit for regular contributions TSP will automatically shift their paycheck deductions to catch-up contributions.

We have enclosed a Link article and correlating TSP Bulletins which outline the full details of this change.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "David E. Mills".

David E. Mills
Manager
Labor Relations Policies and Programs

Enclosures

TSP bulletin

for Agency and Service TSP Representatives

Introduction of the Spillover Method for Catch-Up Contributions to the Thrift Savings Plan

The Federal Retirement Thrift Investment Board (FRTIB), which administers the Thrift Savings Plan (TSP), plans to switch to the “spillover” method for catch-up contributions beginning with the first pay period of 2021. (Participants will continue using the TSP’s current catch-up program through the final pay period of 2020.) Spillover, which is used by many retirement plans and is available under current law, will apply to **all** active civilian and uniformed services members turning age 50 or older. It will help simplify our catch-up program for both participants and agencies/services (see [questions 6 and 7](#)).

This bulletin notifies agency and service payroll offices, HR personnel, and electronic payroll systems of the upcoming change so that everyone can take appropriate actions to ensure an efficient transition. The information in this document should help agencies/services begin preparing for the transition. We will issue regulations and a new bulletin with additional details next year.

1. How does spillover work?

The spillover method will streamline the catch-up contribution process for eligible participants. The TSP’s current catch-up contribution program requires participants to make an affirmative catch-up election each year, certify that they will meet the annual IRC 402(g) elective deferral limit (EDL), and spend considerable effort figuring out how to time their contributions. Spillover will eliminate the need for these steps, dramatically simplifying the process.

1. Participants turning 50 or older will no longer need to make a separate catch-up election. Once they reach the EDL, their regular contributions will **automatically** start counting toward the IRC 414(v) catch-up contribution limit.
2. Recordkeeping will be simpler. Payroll offices and the TSP will no longer need to use separate catch-up records. For participants turning 50 or older, contributions toward the EDL and the catch-up limit will use the same record. This will not pose any issues for tax reporting as the two are already combined on participant W-2s.
3. For eligible members of the Federal Employees Retirement System (FERS) and the Blended Retirement System (BRS), contributions “spilling over” toward the catch-up limit will be matched up to the 5% of basic pay to which participants are already entitled. (See [questions 8 and 9](#).)

2. When does spillover take effect?

The TSP is targeting January 2021 with spillover being fully operational by late December 2020 so that participants can make their elections for the first pay period of 2021. (Since the IRS sets limits for catch-up contributions each year, spillover must take effect at the beginning of a new calendar year.)

Important note: Spillover changes cannot take effect until **after** the final pay period of 2020, since participants will need access to the current catch-up process until then.

3. What do agencies/services need to do?

When spillover takes effect:

- Agencies/services will no longer send separate catch-up records. Instead, participants turning 50 or older can contribute an extra \$6,000 (or whatever the current catch-up limit is) through the regular contribution process. This change will make the process easier for participants and payroll providers.
- Since participants will not make a separate catch-up election, agencies/services will no longer accept electronic or paper catch-up elections. The TSP will discontinue Forms TSP-1-C and TSP-U-1-C (*Catch-Up Contribution Election*). Electronic payroll providers (for example, myPay, EBIS, Employee Express) will also need to remove catch-up election options. (See [question 4](#).)
- Agencies/services should update their match formula to allow matching on all basic pay contributions per pay period, up to the combined elective deferral and catch-up limits (e.g., \$25,000 in 2019) for those turning age 50 or older. However, the matching should not exceed the 5% of basic pay to which participants are already entitled. (See [question 8](#).)

4. How will spillover affect electronic payroll systems?

As a part of the spillover transition, electronic payroll systems (for example, myPay, EBIS, Employee Express) should prepare for the following changes:

1. Remove separate catch-up elections from TSP contribution pages.
2. Include a brief explanation that regular contributions will spill over toward the catch-up limit for eligible participants.

Important note: These changes cannot take effect until *after* the final pay period of 2020, since participants will need access to the current catch-up process until then. The spillover process will take effect with elections for the first pay period of 2021.

5. My agency is moving to a new payroll system or payroll provider before 2021. How will spillover affect that?

To help streamline updates, agencies/services adding new programming or converting to new systems should consider preparing for spillover changes at the same time.

6. How will spillover benefit TSP participants?

The TSP's current catch-up contribution program requires participants to make an affirmative catch-up election each year, certify that they will meet the EDL, and spend considerable effort figuring out how to time their contributions to meet each limit at the right time.

This has led to some confusion: Some participants choose to make catch-up contributions improperly (because they have not met the EDL), and others fail to take advantage of the ability to contribute more. Additionally, a significant number of catch-up eligible participants contribute too much toward the EDL and "max out" before the year is over. When this happens, participants miss out on the matching their regular contributions would have received.

Spillover makes it easier for eligible participants to take advantage of the chance to contribute more toward their retirement. Rather than making a separate election and trying to time contributions to reach the EDL, participants will keep contributing through their normal payroll deductions up to the catch-up limit. Spillover will also help prevent participants from missing out on the matching they're already entitled to.

7. How will spillover benefit agencies/services?

Spillover will simplify some payroll processes. Currently, many agencies/services track how close participants are to the EDL and break up contributions that would exceed it. For example, if the EDL is \$19,000 and a participant who has already contributed \$18,500 tries to contribute \$502, the TSP is unable to accept the entire contribution. To avoid this, some agencies/services track how close participants are to the EDL and only submit what the TSP can accept.

With spillover, contributions past the EDL will automatically be accepted and start to count toward the catch-up limit for eligible participants. Thus, in most cases, agencies/services will only be required to ensure that TSP participants turning age 50 or older do not exceed the combined EDL and catch-up limits.

Similarly, many of the error codes shared on the 1700 series of reports relate to contributions exceeding the EDL. Since our data suggest that in 2018 nearly two-thirds of FERS participants on track to reach the EDL early were 50 or older, spillover can significantly reduce these errors.

8. With spillover, participants can receive matching on contributions toward the catch-up limit. What does this mean?

Spillover helps prevent people from missing out on money they're already entitled to.

This largely applies to two groups:

1. **Participants who make catch-up contributions but do not reach the EDL.** Some participants use catch-up without maximizing their regular contributions and thus miss out on the matching their additional regular contributions would have received. Post-spillover, it will not be possible to contribute toward the catch-up limit without first meeting the EDL or the annual addition limit.
2. **Participants who reach the EDL early and are eligible for catch-up.** Currently, the TSP cannot accept additional regular contributions once a participant reaches the EDL. Therefore, if participants reach the EDL early, they miss part of their match for the year.

For example: In our current environment, if Sam, a 53-year-old participant, reaches the EDL in October and switches to catch-up for November and December, he won't get any matching during those last two months of the year. Post-spillover, matching will continue in November and December, on the first 5% of his basic pay.

Since eligible participants are currently entitled to receive matching contributions on 5% of their basic pay, spillover will essentially have no impact on agency/service matching costs.

9. With spillover, participants will contribute more through their regular contributions. How does that affect the match?

Spillover helps prevent participants from missing out on what they're already entitled to receive in matching.

For example, if Sally was contributing \$730 per biweekly pay period in regular contributions to get to \$19,000, and she suddenly starts contributing \$960 biweekly to get to \$25,000 (the combined EDL and catch-up limits), the match she gets does not change. Her match is based on her **basic pay** rather than the amount of her contribution.

In other words, as long as participants are contributing at least 5% of their basic pay, the match they're entitled to will not change, regardless of how much they increase their contributions.

10. Does spillover affect participants younger than 50 who reach the EDL early?

No. The spillover method relates to catch-up contributions, which are only available for those who are turning 50 or older in a calendar year.

11. Will there be changes to any error codes?

Yes. We are currently reviewing error codes for potential changes. Our goal is to edit or delete existing error codes rather than create new ones.

12. Will catch-up payment records be eliminated (for example, the "86" record)?

Yes. Payroll offices and the TSP will no longer need to use separate catch-up records. For participants turning 50 or older, contributions toward the EDL and the catch-up limit will both use the same record (for example, the "16" record).

13. How will reports to agencies/services be affected?

We are currently reviewing agency/service reports to note potential changes. We will release more details before the spillover method goes into effect.

Bulletin:

19-5

Date:

July 23, 2019

Inquiries:

Questions concerning this bulletin should be directed to your Agency Technical Services representative.

Chapter(s):

Chapter 2, [General information](#)

Supersedes:N/A

TSP bulletin for Agency and Service TSP Representatives

Spillover Method for Catch-Up Contributions to the Thrift Savings Plan - UPDATE

Beginning January 1, 2021, the Federal Retirement Thrift Investment Board (FRTIB) will implement a new method for catch-up contributions called the "spillover" method. (Participants will continue using the TSP's current catch-up program through the end of 2020.) Spillover will apply to all active civilian and uniformed services members turning age 50 or older. It will help simplify our catch-up program for both participants and agencies or services.

Important: In order to ensure a smooth transition: agencies/services should send any payroll files intended for calendar year 2020 before December 31, 2020, to ensure posting toward 2020 limits.

This updated bulletin provides agencies/services with detailed technical information about spillover and how the method will be applied to contributions toward the IRC 414(v) catch-up limit. Agency/service representatives should also read TSP Bulletin 19-5, [Introduction of the Spillover Method for Catch-Up Contributions to the Thrift Savings Plan](#), dated July 23, 2019, for additional information. The information contained in this bulletin (and Bulletin 19-5) supersedes any mention of the catch-up contributions process found in previous TSP bulletins.

Here's the new information we've added in this update:

- In Section I, we note that participants aged 50 or older who do not wish to contribute toward the catch-up limit should adjust their contributions accordingly.
- In Section II, we remind agencies/services of **critical** changes that must be made to electronic payroll systems (for example, myPay, EBIS, Employee Express) by January 1, 2021. After the spillover transition, these systems should no longer offer separate catch-up elections. Electronic payroll systems should include a note that participants 50 and older should add any contributions toward the catch-up limit in the same place they make their other TSP contributions.
- In Section IV, we note that any negative adjustment records will remove catch-up contributions first (if applicable) based on the origination date.
- In Section VI, we have added questions to explain what happens when participants contribute to both a civilian and a uniformed services TSP account and when uniformed services members making traditional tax-exempt contributions reach the IRS annual addition limit.
- In Section VII, we have updated the table of records payroll offices should use after the spillover transition.

I. How Spillover Works

Under the prior catch-up program, TSP participants had to make a separate affirmative catch-up election every year by submitting Form TSP-1-C, *Catch-Up Contribution Election* (Form TSP-U-1-C for uniformed services members) or electing to make catch-up contributions through their electronic payroll systems. Payroll offices then submitted catch-up contributions to the TSP on special payroll records indicating that the contributions were catch-up contributions.

Participants were required to certify that they planned on meeting the IRC 402(g) elective deferral limit in order to make catch-up contributions, but this requirement was not always clear to participants, or agencies and services. When participants made catch-up contributions without meeting the elective deferral limit, they could miss out on matching contributions.

Therefore, starting January 1, 2021, the TSP will no longer use Form TSP-1-C, TSP-U-1-C, or the special payroll records that designate contributions as catch-up. Participants will no longer make separate catch-up elections in their electronic payroll systems either. Employing agencies/services will submit catch-up contributions on the same payroll records used to submit the equivalent record for regular contributions. Those contributions will continue until catch-up eligible participants reach the combined elective deferral and catch-up limits for the year.

The TSP system will determine if the participant is eligible to make additional contributions toward the catch-up limit based on the participant's date of birth. A participant is eligible to make catch-up contributions in any year in which the participant is 50 or older, including the year in which the participant is age 49 but will turn age 50 by the end of the calendar year.

If the participant is eligible to make catch-up contributions, anything beyond the elective deferral limit will automatically start counting toward the catch-up contribution limit. These additional contributions will "spill over" until the participant meets the catch-up limit for those age 50 or older. Contributions spilling over toward the catch-up limit will be matched, but only on up to the 5% of salary to which participants are already entitled. For additional details on matching, please see questions 8 and 9 in [Bulletin 19-5](#). Participants aged 50 or older who do not wish to contribute toward the catch-up limit should adjust their contributions accordingly. All of the spillover changes are required regardless of whether an agency also offers a non-federal defined contribution plan.

Special note for uniformed services members making tax-exempt contributions in a combat zone: In rare cases where participants turning 50 or older reach the IRC 415(c) annual addition limit, their contributions can spill over toward the catch-up limit even if they have not met the elective deferral limit. However, once participants reach the annual addition limit, their catch-up contributions will not be matched, since the annual addition limit restricts the amount of matching that participants can receive for the year. For uniformed services participants in a combat zone, participants should allocate any spillover beyond the annual addition limit to Roth, not traditional. (By regulation, the TSP cannot accept tax-exempt traditional contributions toward the catch-up limit; see third question in Section VI).

II. Agency/Service Responsibilities

As a part of the spillover transition, agencies should make the following modifications to their electronic payroll systems (e.g., myPay, EBIS, Employee Express). **Important note:** These changes are absolutely critical because we will not be able to accept separate catch-up records after January 1, 2021 (see [Section VII](#)). If payroll systems are not updated and agencies/services continue sending separate catch-up records after January 1, those contributions will be returned, and agencies/services will need to resubmit on the equivalent regular record.

1. Remove separate catch-up elections from TSP contribution pages,
2. Include a brief explanation that participants 50 and older should add any contributions toward the catch-up limit in the same place as their other TSP contributions, and
3. Recycle any hard copies of obsolete TSP-1-C and TSP-1-U-C forms.

III. Accepting Amounts up to the IRS Limits

Important note: Amounts beyond the elective deferral and annual addition limits will automatically spill over toward the catch-up limit for those who are 50 and older, but the transition will also benefit those who are younger than 50 and help streamline agency/service submissions.

Before spillover, if a contribution would put a participant over the elective deferral limit, the TSP would return the entire contribution. After spillover, if a participant is not catch-up-eligible, the TSP will partially accept the contribution up to the elective deferral limit and only reject **the amount exceeding the limit**. Agencies or services would have a year to submit any negative adjustments on excess matching.

For example, Jane is 40 years old and \$200 away from the elective deferral limit. If she tried to contribute \$250 today, the TSP would return the entire amount. Post-spillover, the TSP will accept \$200 and only reject \$50. Jane's agency would then need to submit a negative adjustment for any excess matching within a year.

IV. Back Pay Awards and Other Retroactive Pay Adjustments

Any corrective contributions or make-up contributions attributable to prior years must not exceed the elective deferral, catch-up, or (if including tax-exempt) annual addition limits applicable to those years. If the participant was age 50 or older during the year(s) to which the back-pay award or other retroactive pay adjustment is attributable, then corrective contributions or make-up contributions will spill over toward the catch-up limit for those years. Any adjustment records will remove catch-up contributions first (if applicable) based on the origination date. Corrective contributions and make-up contributions will spillover even if the contributions are attributable to years before 2021. However, catch-up contributions attributable to years before 2021 are **not** eligible for matching. To submit these corrections, agencies should use the regular records—even for amounts beyond the elective deferral limit.

V. Redesignations

If agencies would like to redesignate contributions toward the catch-up limit as Roth or traditional, they should use the regular redesignation records. For example, record 93, Redesignation Record Traditional Catch-up to Roth Catch-up, will be replaced by record 91. However, this record should not be used for **tax-exempt** catch-up contributions, since the TSP cannot accept tax-exempt traditional contributions toward the catch-up limit.

VI. Additional Questions:

- **What should eligible participants do if they do not wish to contribute toward the catch-up limit?** After spillover, the TSP will no longer reject regular contributions beyond the elective deferral limit for those turning 50 or older. If participants do not wish to contribute past the elective deferral limit, they should adjust their contributions accordingly.
- **How does the TSP apply the limits if a participant contributes to both a civilian and a uniformed services TSP account?** If a participant contributes to both a civilian and uniformed services account, the elective deferral limit applies to the total contributions the participant makes during the year to both accounts. It works the same way for contributions toward the catch-up limit.

Note: Tax-exempt contributions made to the traditional balance of a uniformed services account while the participant is deployed to a designated combat zone do not count toward the elective deferral limit. However, any **Roth** TSP contributions a participant makes are subject to the limit even if they are contributed from tax-exempt pay. Also, if a participant enters a combat zone and receives tax-exempt pay, only Roth contributions toward the catch-up limit are allowed. The TSP cannot accept traditional tax-exempt contributions toward the catch-up limit.

- **If a uniformed services member is in a combat zone making traditional tax-exempt contributions and reaches the annual addition limit, will the TSP switch the contributions to Roth and let the participant spill over to catch-up?** No. Only the participant can designate whether contributions are traditional or Roth. If a catch-up eligible member reaches the annual addition limit after making traditional tax-exempt contributions, he or she would then need to elect Roth to spill over toward catch-up. The TSP cannot accept traditional tax-exempt contributions toward the catch-up limit. (**Note:** We expect these instances to be rare).
- **What should participants do if they want their contributions toward the catch-up limit to be Roth, traditional, or a mix of both?** Eligible participants would only have one payroll election. Thus, whatever they elect for their contributions up to the elective deferral limit (traditional, Roth, or both) would spill over and start counting toward the catch-up limit. The one exception is tax-exempt contributions toward the catch-up limit. For uniformed services participants in a combat zone, members should allocate any spillover beyond the annual addition limit to Roth, not traditional. (The TSP cannot accept tax-exempt traditional contributions toward the catch-up limit.)
- **Which reports will be affected?** While we will not have a complete list of affected reports until our technical testing is complete later this year, we have identified the following reports that will no longer use catch-up records as of now:
 - 1702: Payroll Office Recap of Journal Voucher Processing
 - 5170: Journal Voucher Summary Report
 - 35005: Redesignation Error Report
 - 35004: Payroll Office Recap of Redesignation

VII. Which records should payroll offices use after spillover?

After spillover takes effect, all catch-up records will be obsolete and will no longer be accepted. The equivalent regular record type will be used for the spillover method as follows:

Obsolete	Under Spillover Method
25 Roth Negative Adjustment Catch-Up Civilian	22 Roth Negative Adjustment Civilian
29 Negative Adjustment Civilian Catch-Up	26 Negative Adjustment Civilian
30 Negative Adjustment Catch-Up Military	27 Negative Adjustment Record (Tax-Deferred) Military
33 Roth Catch-Up Contribution Negative Adjustment Record	23 Roth Negative Adjustment Record
82 Roth Current Catch-Up Civilian	12 Roth Current Payment Civilian
83 Roth Current Catch-Up Military	13 Roth Current Payment Military
84 Roth Late Catch-Up Civilian	42 Roth Late Payment Civilian
85 Roth Late Catch-Up Military	43 Roth Late Payment Military
86 Current Catch-Up Civilian	16 Current Payment Civilian

Obsolete	Under Spillover Method
87 Current Catch-Up Military	17 Current Payment Tax-Deferred
88 Late Catch-Up Civilian	46 Record Late Payment Civilian
89 Late Catch-Up Military	47 Late Payment (Tax-Deferred)
92 Redesignation Roth Catch-Up to Traditional Catch-Up Civilian	90 Redesignation Roth to Traditional Civilian
93 Redesignation Traditional Catch-Up to Roth Catch-Up Civilian	91 Redesignation Traditional to Roth Civilian
98 Redesignation Roth Catch-Up to Traditional Catch-Up Military	94 Redesignation Roth to Traditional Military
99 Redesignation Traditional Catch-Up to Roth Catch-Up Military	95 Redesignation R=Traditional Catch-Up to Roth Military

RECORDS

06 = Employee Data Record (Civilian and Uniformed Services)

CIVILIAN

Detail Records

Traditional Records

- 16 = Current Payment Record
- 26 = Negative Adjustment Record
- 46 = Late Payment Record
- 71 = FERCCA Payment Record
- 72 = Miscellaneous Earnings Record (DSUB Only)
- L6 = Loan Payment Record

Roth Records

- 12 = Roth Current Payment Record
- 22 = Roth Negative Adjustment Record
- 42 = Roth Late Payment Record
- 73 = Roth Miscellaneous Earnings Record
- 90 = Redesignation Record Roth to Traditional
- 91 = Redesignation Record Traditional to Roth

Header and Trailer Record Types

- Employee Data, Payment, and Negative Adjustment
- Loan
- Redesignation Earnings Adjustment

Journal Vouchers

- TSP-2 = Certification of Transfer of Funds and Journal Voucher
- TSP-2-G = Certification of Transfer of Funds and Journal Voucher for Contribution Requiring G Fund Breakage
- TSP-2-L = Certification of Transfer of Funds and Journal Voucher for Loan Payments
- TSP-2-F = Certification of Transfer of Funds and Journal Voucher for Earnings Adjustments (DSUB Only)
- TSP-2-D = Certification of Redesignation of Records and Journal Voucher

UNIFORMED SERVICES

Detail Records

Records

- 17 = Current Payment Record (Tax-deferred)
- 18 = Current Payment Record (Tax-exempt)
- 27 = Negative Adjustment Record (Tax-deferred) Military
- 28 = Negative Adjustment Record (Tax-exempt)
- 47 = Late Payment Record (Tax-deferred)
- 48 = Late Payment Record (Tax-exempt)
- 67 = Recharacterization Record (Tax-exempt to Tax-deferred)
- 68 = Recharacterization Record (Tax-deferred to Tax-exempt)
- 72 = Miscellaneous Earnings Record

Roth Records

- 13 = Roth Current Payment Record
- 23 = Roth Negative Adjustment Record
- 43 = Roth Late Payment Record
- 73 = Roth Miscellaneous Earnings Record
- 94 = Redesignation Record (Roth to Tax-deferred)
- 95 = Redesignation Record (Tax-deferred to Roth)
- 96 = Redesignation Record (Roth to Tax-exempt)
- 97 = Redesignation Record (Tax-exempt to Roth)

Header and Trailer Record Types

- Employee Data, Payment, and Negative Adjustment
- Loan
- Recharacterization
- Redesignation Earnings Adjustment

Journal Vouchers

- TSP-U-2 = Certification of Transfer of Funds and Journal Voucher
- TSP-U-2-G = Certification of Transfer of Funds and Journal Voucher for Contribution Requiring G Fund Breakage
- TSP-U-2-L = Certification of Transfer of Funds and Journal Voucher for Loan Payments
- TSP-U-2-F = Certification of Transfer of Funds and Journal Voucher for Earnings Adjustments (DSUB Only)
- TSP-U-2-D = Certification of Redesignation of Records and Journal Voucher
- TSP-U-2-R = Certification of Recharacterization of Records and Journal Voucher

VIII. How are error codes changing after spillover?

Error code updates are displayed by category below and summarized in full [here](#).

The following codes will be added on 1/1/2021

New Error Codes

Short Description	
PL9	Employee contribution will cause the IRS elective deferral or catch-up limit to be exceeded.
RT5	Re-characterization will cause the participant to exceed the 415(c) annual addition limits.

The following Error Codes will be changing on 1/1/2021

Error Codes Changing

Short Description	
PC3	Employee contribution will cause the IRS catch-up limit to be exceeded.
P9J	Employee contribution will cause IRS elective deferral limit to be exceeded.
RN7	Invalid record number or record type. For catch-up records, please use equivalent regular record.

The following Error Codes will be obsoleted on 1/1/2021

Obsolete Error Codes

Short Description	
RC1	RC2
RC2	DOB in system indicates participant is not eligible to make catch-up contributions.
RD4	Roth catch-up contribution for APD is less than amount to be redesignated as tax-deferred catch-up contribution.

Short Description	
RD5	Catch-up contribution for APD is less than amount to be redesignated as Roth catch-up contribution.
RZ4	Roth catch-up contributions in account are less than Roth catch-up contributions to be redesignated.
RZ5	Tax-deferred catch-up contributions in account are less than tax-deferred catch-up contributions to be redesignated.
WC3	Contribution posted caused participant to exceed catch-up limit. Submit 29-record to remove excess.

The following forms and publications will be changed to reflect the spillover method.

Participant Forms:

- TSP-1, *Election Form*
- TSP-U-1, *Election Form (Uniformed Services)*
- TSP-1-C, *Catch-Up Contribution Election* (form to be removed by 1/1/2021)
- TSP-U-1-C, *Catch-Up Contribution Election (Uniformed Services)* (form to be removed by 1/1/2021)
- TSP-19, *Transfer of Information Between Agencies*
- TSP-A4, *Request for Refund of Excess Employee Contributions*

Fact Sheets:

- *TSP Benefits That Apply to Military Service Members Who Return to Civilian Federal Service (USERRA)*
- *Annual Limit on Elective Deferrals*
- *Contributions Toward the Catch-Up Limit Fact Sheet*

Booklets:

- *Summary of the Thrift Savings Plan*
- *Managing Your Account for Civilian Federal Employees*
- *Managing Your Account for Members of the Uniformed Services*

Leaflets:

- *How to Read Your Quarterly TSP Participant Statement (obsoleted)*
- *How to Read Your Annual TSP Participant Statement (obsoleted)*

Bulletin:

20-1

Date:

October 09, 2020

Inquiries:

Questions concerning this bulletin should be directed to your Agency Technical Services representative.

Chapter(s):

Chapter 2, [General information](#)

Chapter 3, [Eligibility](#)

Supersedes:

05-15 – Catch Up Contributions for TSP participants age 50 and Older, dated October 19, 2005, 06-U-2, dated February 1, 2006, dated December 21, 2010, 12-2 – Revision of Form TSP-1, Thrift Savings Plan Election Form and Form TSP-1-C, Catch-up Contribution Election Form, dated January 10, 2012, 12-U-2 Revision of Form TSP-U-1, Thrift Savings Plan Election Form and Form TSP-U-1-C, Catch-up Contribution Election Form, dated January 10, 2012

[Link article / TSP spillover](#)

‘Spillover’ effect TSP simplifies rules for catch-up contributions

The Thrift Savings Plan (TSP) has simplified the process for federal employees to make catch-up contributions, but those who wish to take advantage of the change at the beginning of 2021 must act this month.

The Federal Retirement Thrift Investment Board, which administers the TSP, is switching to the “spillover” method for catch-up contributions.

Under the previous method, eligible employees who wanted to make catch-up contributions were required to make a special election each year, certify that they meet the requirements, and spend considerable effort figuring out how to time their contributions.

The spillover method will eliminate these steps.

Beginning with the first pay period of 2021, employees who are 50 or older and those who will turn 50 during the year will no longer make a separate catch-up contribution. Instead, once the employee reaches the annual limit for regular contributions, the TSP will automatically shift their paycheck deductions to catch-up contributions.

If you want to take advantage of this change beginning with the first pay period of the new year, your TSP elections must be made in PostalEASE® between Wednesday, Dec. 16, at 3:30 CST and Wednesday, Dec. 30, at 3 p.m. CST.

If you are under the Federal Employees Retirement System, the Postal Service will make matching contributions on any spillover contributions. The maximum matching contribution is 4 percent, and you will also receive an automatic contribution of 1 percent for a total USPS contribution that will be equal to 5 percent of your basic pay.

The [TSP website](#) has additional information, including explanations in [TSP Bulletin 19-5](#) and [TSP Bulletin 20-1](#).

For more information, email the USPS retirement team at RetirementBenefits@usps.gov.

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