



Thrift Savings Plan BULLETIN

for Agency TSP Representatives

Subject: Basic Pay for Thrift Savings Plan Purposes

Date: April 3, 2002

This bulletin defines basic pay for Thrift Savings Plan (TSP) purposes and includes instructions for determining TSP contributions in special situations.

I. Definition

Basic pay for TSP purposes is the amount of pay based on the rate fixed by law or administrative action for the position held by an employee; it includes the elements of pay specified in 5 U.S.C. § 8331(3). Basic pay for TSP purposes is the same as basic pay for Federal civilian retirement purposes, and is the same amount used to determine the mandatory FERS or CSRS retirement deductions.¹

II. Determining Basic Pay for TSP Purposes

A. The following elements of pay must be included in the determination of basic pay for TSP purposes:

- Locality-based comparability pay as authorized by 5 U.S.C. § 5304
- Environmental differential for prevailing rate employees as authorized by 5 U.S.C. § 5343(c)(4)

(continued on next page)

¹ FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement systems.

Inquiries: Questions concerning this bulletin should be directed to the Federal Retirement Thrift Investment Board at **(202) 942-1460**.

Chapter: This bulletin may be filed in Chapter 6, Establishing and Maintaining Accounts.

Supersedes: This bulletin supersedes TSP Bulletin 97-12, Basic Pay for Thrift Savings Plan Purposes, dated March 21, 1997.

- Night differential for prevailing rate employees as authorized by 5 U.S.C. § 5343(f)
 - Premium pay for standby time as authorized by 5 U.S.C. § 5545(c)(1)
 - Premium pay for law enforcement officers as authorized by 5 U.S.C. § 5545(c)(2). (This is administratively uncontrollable overtime or AUO.)
 - Availability pay for criminal investigators as authorized by 5 U.S.C. § 5545a
 - Physicians' comparability allowance as authorized by 5 U.S.C. § 5948
 - Overtime compensation for customs officers, but not to exceed 50 percent of the annual statutory maximum as authorized by 5 U.S.C. § 8331(3)(E)
 - Additional compensation paid to employees serving in the Republic of Panama as authorized by 22 U.S.C. § 3657
- B. The following elements of pay and types of payments are **not** basic pay for TSP purposes:
- Other overtime pay
 - Other premium pay (i.e., Sunday and holiday pay, night differential for General Schedule employees, differential for certain air traffic controllers)
 - Bonuses
 - Allowances
 - Foreign and domestic post differential for General Schedule and foreign post differential for prevailing rate employees
 - Severance pay
 - Retroactive pay granted to a retired or deceased employee pursuant to a wage survey
 - Lump-sum payments for accrued and accumulated leave
 - Voluntary separation incentive payments (buyouts)
 - Payments made by the Office of Workers' Compensation Programs, i.e., OWCP benefits

III. Determining TSP Contributions

Each pay period, agencies must determine TSP contributions for their employees using the basic pay the employees earned for that pay period.

A. Partial contributions

Partial contributions are employee contributions that are less than what the employee elected. Partial contributions may result from actions such as the

placement of an employee in a nonpay status for part of a pay period, the adjustment of an employee's part-time work schedule, or an intermittent appointment.

1. If an employee elected to contribute a whole dollar amount and the amount exceeds the maximum allowable percentage of the employee's basic pay for the pay period (e.g., 12% for a FERS employee in 2002), the employee contribution must be reduced to the maximum allowable percentage.²

For example, consider a FERS employee who earns basic pay of \$1,000 each pay period and who has elected to contribute \$90 to the TSP. If the employee is placed on 40 hours leave without pay for a pay period in February 2002, the employee's basic pay for the 80-hour pay period would be \$500. Consequently, the employee's TSP contribution for the pay period must be reduced to \$60, or 12% of the employee's basic pay for that pay period.

2. If an employee's elected contribution exceeds the employee's net pay for the pay period, **no** employee contribution is made for the pay period. Consequently, if FERS, the employee receives no agency matching contribution for the pay period.

For example, consider a FERS employee who earns basic pay of \$1,000 for a pay period and who has elected to contribute 10% to the TSP. The employee contribution for the pay period would be \$100. As a result of an Internal Revenue Service levy, however, the employee's net pay before the TSP contribution is deducted is \$95. Consequently, no employee contribution may be made for the pay period because the net pay is less than \$100 (the employee's elected contribution). Because no employee contribution is made for the pay period, no agency matching contribution may be made. The agency automatic (1%) contribution, however, must be made.

B. Reemployed annuitants

TSP contributions for an eligible reemployed annuitant are based upon the employee's basic pay before it is offset (reduced) by the annuity. For FERS employees, all sources of contributions must be determined using the basic pay before the annuity offset. To determine the eligibility of reemployed annuitants to participate in the TSP, see TSP Bulletin 01-4, Participation in the Thrift Savings Plan, dated February 4, 2001.

² See TSP Bulletin 01-3, New Employee Contribution Limits, dated January 23, 2001, for the maximum allowable percentages of basic pay that FERS or CSRS employees may contribute to the TSP.

C. Employees who return to duty or pay status pursuant to 38 U.S.C. Chapter 43

As explained in TSP Bulletin 02-7, Thrift Savings Plan Participation of Individuals Who Return to Civilian Service or Pay Status Following Military Service, dated April 3, 2002, certain employees may make up and receive TSP contributions missed as a result of military service. TSP contributions during the period of separation or nonpay status are based upon the basic pay the employee would have received had the employee not separated or entered nonpay status to perform military service.

A handwritten signature in black ink that reads "Pamela-Jeanne Moran". The signature is written in a cursive, flowing style.

PAMELA-JEANNE MORAN
Deputy Director
Office of External Affairs