

Federal Thrift Savings Plan (TSP)

The Federal Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal Employees which was established by Congress in the Federal Employees Retirement System Act of 1986. The TSP is a defined contribution plan; therefore, the amount of retirement income an employee receives from this account will depend on how the employee contributes during his/her working years, the agency matching contributions and the earnings on those contributions. Public Law 106-361, enacted October 27, 2000, allows employees to begin contributing to the TSP immediately upon appointment to a position covered by the Federal Employees Retirement System (FERS) or the Civilian Service Retirement System (CSRS) (or equivalent Federal retirement systems). However, it does not eliminate the waiting period that employees appointed to a position covered by FERS must serve before they can begin to receive agency contributions. Consequently, FERS employees can begin making Employee Contributions to the TSP before they may be eligible to receive Agency Automatic (1%) and Agency Matching Contributions. Employees appointed to a covered position on or after July 1, 2001, will have 60 days from the effective date of their appointments to make a TSP contribution election.

The following information provides a basic outline of key topics concerning the TSP program. For Further information, please contact a member of the Benefits Staff by calling 301-504-1526. You may also go to www.tsp.gov.

ELIGIBILITY

All employees covered by FERS or CSRS are eligible to participate in the TSP, and they may make contribution elections. However, employees covered by FERS must serve a waiting period before they can receive agency contributions to their TSP accounts. Employees appointed or reappointed following a break in service to a position covered by FERS or CSRS have 60 days from the effective date of the appointment to make an election begin contributing to the TSP. The day following the effective date of the appointment should be considered day one of this 60 day window.

REQUIRED WAITING PERIOD FOR AGENCY CONTRIBUTIONS

FERS employees (not previously eligible to receive agency contributions) - An employee appointed or reappointed to a position covered by FERS who had not been previously eligible to receive agency contributions become eligible to receive agency contributions the second election period following the effective date of the appointment.

(NOTE: If an employee is hired or rehired during an open season but before the last month of that open season, that open season is considered the first one.)

FERS employees (previously eligible to receive agency contributions) - An employee reappointed to a position covered by FERS who was previously eligible to receive agency contributions is immediately eligible to receive agency contributions. The employee has served the required waiting period under his or her former appointment.

FERS Transfers - Employees that elect to transfer to FERS may enroll in TSP within thirty days from the effective date of the transfer. These employees are immediately eligible to receive agency contributions.

ENROLLMENT PROCEDURES

Employees should submit a TSP Election Form (TSP-1) to their personnel office during the Open Season or enroll using Employee Express. In order to allocate the contributions to a fund, the employee must also complete the TSP-50, Investment Allocation form and mail directly to the TSP address listed on the form. Employees also may utilize the TSP Thriftline on 504-255-8777, or the Thrift Investment Board web site at www.tsp.gov to allocate funds.

CONTRIBUTIONS

Employees may contribute up to the limits specified in the table below (but not exceeding the Internal Revenue Service (IRS) annual elective deferral limit):

	FERS	CSRS
JULY 1, 2001 - DECEMBER 31, 2001	11%	6%
JANUARY 1, 2002 - DECEMBER 31, 2002	12%	7%
JANUARY 1, 2003 - DECEMBER 31, 2003	13%	8%
JANUARY 1, 2004 - DECEMBER 31, 2004	14%	9%
JANUARY 1, 2005 - DECEMBER 31, 2005	15%	10%
BEGINNING JANUARY 1, 2006 TSP LIMITS ARE ELIMINATED.		

NOTE: IRS Annual Elective Deferral Limit - Each year the IRS determines the maximum amount of salary deferral contributions that an employee is allowed to make. Employees should consider this limit when electing to contribute. When an employee's salary deferral contributions reach the IRS limit for the tax year, all contributions are automatically discontinued and agency matching contributions will also cease. The 2003 yearly amount is \$12,000.

Automatic Agency Contribution

The automatic agency contribution is equal to one-percent of an employee's base salary.

FERS Employees - The automatic agency contribution begins the first pay period in December or June of the Open Season in which the employee becomes eligible to participate in TSP. Employees do not have to participate in the TSP to receive the automatic one-percent contribution.

CSRS Employees - Employees do not receive agency matching contributions.

Matching Contributions

FERS Employees - Contributions are matched dollar-for-dollar on the first three percent of contributions and fifty-cents on the dollar for the next two percent of contributions.

CSRS Employees - Employees do not receive agency matching contributions.

ROLLOVER CONTRIBUTIONS

There are two methods for rolling over money into your TSP account from a qualified retirement plan or a conduit IRA. If you have not received the money from your former plan, but wish to have the plan or conduit IRA transfer money directly to the TSP, you will have to complete Form TSP-60, Request for a Rollover into the TSP, and give it to the administrator of the plan or conduit IRA so that he or she can certify that the distribution is eligible for transfer to the TSP. Your former plan can then send the completed form TSP-60 and the funds to the TSP Service Office. In this situation, the money is transferred to the TSP before taxes are withheld.

If you receive the money from your former plan before you decide to roll it over into the TSP, you will have 60 days to complete the rollover, beginning on the date you receive the funds. After that, the distribution will not be eligible for roll over. You may roll over all or part of the distribution. However, because your former plan should have withheld the appropriate amount of taxes when it sent you the distribution, you will have to make up the difference from your own funds if you want to roll over the entire amount. To roll over the distribution you received into the TSP, you will need to complete form TSP-60. You must specify the date on which you received the distribution from your former plan and have the administrator of your former plan or conduit IRA certify on the form that the funds are eligible for transfer to the TSP. You must then submit the form to the TSP along with a certified check, cashier's check, cashier's draft, money order, or treasurer's check from a credit union made out to the Thrift Savings Plan for the entire amount you are rolling over. The TSP must receive the form and the guaranteed funds within 60 days of the date you received the funds. The TSP-60 can be downloaded from www.tsp.gov.

VESTING

Vesting is the process of acquiring ownership of the money in the employee's account.

FERS Employees - Employees are immediately vested in their contributions, including the agency matching contributions and the associated earnings. Employees are vested in the automatic agency one percent contribution after completing three years of civilian service.

CSRS Employees - Immediately vested in their contributions and the associated earnings.

EFFECTIVE DATES

Contribution Elections - If an employee makes a contribution election during the 60 day window, the effective date is no later than the first full pay period after the election is received.

Open Season Elections - An Open Season election to begin or change contributions must not be made effective before the first full pay period of the election period. If the contribution election is received by the agency before the first full pay period of the election period, it must be made effective the beginning of that pay period. If the contribution election is received by the agency during the election period, it must be made effective no later than the beginning of the first full pay period after its receipt.

Cancellations - The effective date of a cancellation is the end of the pay period in which the form is received.

CHANGES

You may choose or change your investments in the following ways:

Contribution allocation - specifies the way in which all new money coming into your account (payroll contributions, loan payments, rollovers) is invested in the funds. It does not affect the investment of your current balance.

Interfund transfer - redistributes the money already in your account. It does not affect the investment of future contributions.

You may make your contribution allocation or interfund transfer at any time using:

the TSP Web site (www.tsp.gov)

The ThriftLine (504-255-8777)

Form TSP-50, Investment Allocation

The Web site and the ThriftLine are the most efficient ways to make your investment allocation. You will need your Social Security number and your TSP Personal Identification Number (PIN) to make your request. If you are a new participant, you will receive a PIN in the mail after your account is established.

Contribution allocations are processed upon receipt; interfund transfers are processed monthly.

PART-TIME

Part-time employee contributions are based on his/her biweekly part-time base pay.

LEAVE WITHOUT PAY (LWOP)

Employee contributions cease while he/she is in a non-pay status.

INVESTMENT OPTIONS

Participants may elect to invest any portion of their contributions in the three funds listed below.

G Fund - Government Securities Investment Fund - invested in short term, risk-free U.S. Treasury Securities that are specially issued to the TSP.

F Fund - Fixed Income Index Investment Fund - invested in a bond index fund that tracks the Lehman Brothers U.S. Aggregate (LBA) bond index.

C Fund - Common Stock Index Fund - invested in a stock index fund that tracks the large companies included in the Standard & Poor's (S&P) 500 stock index.

S Fund - Small Capitalization Stock Index Investment Fund - invested in a stock index fund that tracks medium and small companies included in the Wilshire 4500 stock index.

I Fund - Internal Stock Index Investment Fund - invested in a stock index fund that tracks the 21 countries included in the Morgan Stanley Capital International EAFE (Europe, Australasia and Far East) stock index.

Employees may refer to the Guide to TSP Investments for detailed information on the investment options.

LOAN PROGRAM

Plan participants are eligible to borrow their contributions from their TSP accounts for any reason.

Loans from employee TSP accounts are handled solely by the Thrift Savings Plan Service Office in New Orleans, Louisiana. Participants should refer to the Thrift Savings Plan Loan Program Booklet (TSPBK04) for detailed information on obtaining a loan.

SEPARATIONS

Upon separation, a TSP Withdrawal Package will be forwarded to the employee. This package contains all the necessary information and forms an employee needs to liquidate the TSP account.

Miscellaneous

Open Seasons - Open Seasons are October 15 - December 31 and April 15 - June 30.

Participant Statements - TSP will issue quarterly statements March 31, June 30, September 30 and December 31.

Account Balance Information -Once the new record keeping goes into effect, account balances and transactions will be processed and shown in dollar amounts, shares, and share prices. Each employee is assigned a four digit pin number. To access account information, employees should dial the inquiry line at (504)255-8777 or access the web site at www.tsp.gov and use their pin number.

Verification of Deposits - if a verification of a TSP account (i.e., for purchase of a primary residence) is needed, the employee should contact the TSP Service Office on 504-255-6000.

Transfers - When an employee transfers to another Federal agency, the amount of the employee's biweekly TSP contribution is automatically transferred from one Federal agency to another. The employee should check his/her leave and earnings statements carefully to ensure that the biweekly contributions continue at the new agency.

Catch-up contributions for TSP Participants Age 50 and Older - On November 27, 2002, the President signed Public Law 107-304, which permits eligible TSP participants age 50 or older to make tax -deferred "catch-up" contributions from their basic pay to their TSP accounts. These contributions are a supplement to the participant's regular employee contributions and do not count against either the statutory contribution limitations or the Internal Revenue Code's elective deferral limit. The Board intends to implement the catch-up contributions program in July 2003.

ADDITIONAL CHANGES AVAILABLE AFTER NEW RECORD SYSTEM BECOMES EFFECTIVE

Calculator: The Elective Deferral Calculator is now available in the calculator section of the TSP Website. The calculator determines a dollar amount that higher paid FERS employees can contribute each pay period to ensure that your contributions are spaced out over all pay period for that year in such a way that you receive the maximum Agency Matching Contributions.

Important Notices due to New Recording Keeping System:

- If you want to request a PIN or make contribution allocation before the conversion to the new recording keeping system, effective September 16, 2002, you need to do so before August 31, 2002. No electronic requests will be accepted between August 31 and September 15. Paper requests made during that time will be held for processing on September 16. TSP Website: www.tsp.gov and Thriftline (504) 255-8777
- You will be able repay a general purpose loan within five years instead of four.
- You will be able to reamortize your loan without limit.

In addition to repaying your loan through payroll deductions, you will also be able to repay all or part of it any time and do so with personal checks (to be sent directly to TSP Service Office).

- You will be able to have loan or withdrawal payments deposited electronically into your checking or savings account.
- After your separate, you may also be able to make a one-time partial withdrawal (if you have not made an age-based in-service withdrawal).
- For any withdrawal requiring a spouse's waiver or consent, FERS participants must have his or her spouse's signature notarized.
- Form more loan and withdrawal information, you can visit the Thrift Savings Plan website at www.tsp.gov

Web Site and Thriftline:

- On both the TSP Website and the Thriftline, you will also be able to find out your daily account balance and daily share prices.
- On the Thrifline, you will be able to find out your outstanding loan balance and loan prepayment amount. You will be able to request that certain TSP forms and publications be mailed or faxed to you.
- On the Website, you will be able to begin (and in some cases, complete) a loan or withdrawal request and reamortize a loan.