



# THRIFT SAVINGS PLAN FACT SHEET

## TSP Benefits That Apply to Members of the Military Who Return to Federal Civilian Service

This fact sheet applies to you if you meet all of the following conditions:

- You were separated from Federal civilian service to perform military service or were placed in nonpay status to perform military service;
- Your release from military service, discharge from hospitalization, or other similar event occurred on or after August 2, 1990; and
- You were subsequently reemployed in, or restored to, a position covered by FERS or CSRS pursuant to 38 U.S.C. Chapter 43.<sup>1</sup>

The Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA) contains several provisions regarding the Thrift Savings Plan (TSP):

- You may make up TSP contributions missed as a result of your military service.
- If you were not vested when you separated from civilian service, and Agency Automatic (1%) Contributions and attributable earnings were removed from your TSP account, you are entitled to have these funds restored to your account.
- If you separated from civilian service and your TSP account was paid to you as an automatic cashout, you may return the funds, and, if applicable, reestablish a TSP loan.

This fact sheet explains each of these benefits.

**For an explanation of how they relate to your specific situation and more information, see your personnel office.**

### Making Up TSP Contributions

You may make up contributions to your civilian TSP account for the period of time you missed as a result of your military service. The amount of these contributions will be determined by your TSP contribution election that was in effect immediately before your entry into military service. However, you may also make a retroactive contribution election to terminate the contributions or retroactive contribution election(s) for any open season that occurred during this period. If you had made an election to terminate contributions within two months before your entry into military service, you may make a contribution election for the first open season that occurred after the termination election was effective, even if the termination was made outside an open season.

If you contributed to the TSP during your period of military service, the amount of employee contributions that you may make up must be reduced by the amount of the employee contributions you made to your uniformed services account.

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

For example, if the amount of your makeup employee contributions is \$5,000 (based upon your TSP contribution elections and basic pay) but you contributed \$2,000 to your uniformed services account during this period, you may make up only \$3,000 to your civilian account.

If you choose to make up employee contributions, your agency will help you set up a payment schedule. You can always stop your makeup contributions, but your decision to stop them is irrevocable.

**Deducting and investing makeup employee contributions.** All makeup employee contributions must be deducted from future pay. Makeup employee contributions deducted from your pay in a current calendar year are subject to the Internal Revenue Service (IRS) annual limit in effect for the year to which the makeup contributions are attributable. They do not count against the limit on your current year contributions.

Your makeup employee contributions will be invested according to your contribution allocation in effect at the time the contributions are posted to your account (just as your current contributions are invested).

**Receiving agency makeup contributions.** If you are covered by FERS, you will receive attributable agency matching contributions as you make up employee contributions.

In addition, if you made employee contributions to your uniformed services account, you are entitled to makeup agency matching contributions to your civilian account based on the contributions that were deducted from the **basic pay** you received while performing active duty. This is true whether or not you make up civilian employee contributions. (You are not entitled to makeup agency matching contributions on contributions that were deducted from incentive pay, or special pay, including bonus pay.) However, if you received uniformed services matching contributions, your makeup agency matching contributions must be reduced by the amount of your uniformed services matching contributions.<sup>2</sup>

For example, let us suppose you contributed \$2,000 from your basic pay to your uniformed services account during the period of military

service and you received no attributable matching contributions. In addition, had you remained in civilian service or pay status as a FERS employee, you would have received \$100,000 of civilian basic pay during the period of military service. Thus, your uniformed services basic pay contributions equal two percent of your civilian basic pay. Had you remained in civilian service or pay status and contributed two percent of your basic pay (e.g., \$2,000), you would have received attributable agency matching contributions equal to two percent of your basic pay (e.g., \$2,000). Consequently, you are immediately entitled to makeup agency matching contributions of \$2,000.<sup>3</sup>

Your agency will determine the amount of agency matching contributions you would have received each pay date had you remained in civilian service or in pay status. Your agency will report these makeup agency matching contributions by pay date, beginning with the first pay date after you separated or entered nonpay status to perform military service. If you make up additional employee contributions and are entitled to additional makeup agency matching contributions, your agency will report the additional agency matching contributions in equal installments over the period during which you are making up your contributions.<sup>4</sup>

You will receive makeup Agency Automatic (1%) Contributions for the entire period missed as a result of military service **whether or not** you make up employee contributions.

Your makeup agency contributions will be invested according to your contribution allocation

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<sup>3</sup> Agency matching contributions are determined as follows: dollar for dollar on the first three percent of basic pay contributed and 50 cents per dollar on the next two percent of basic pay contributed. Thus, the maximum agency matching contribution is an amount equal to four percent of basic pay, and in the above example, had you contributed \$5,000 or more from your uniformed services basic pay, you would be immediately entitled to all your makeup agency matching contributions (i.e., \$4,000).

<sup>4</sup> If you cannot make up additional employee contributions, you cannot receive the additional attributable agency matching contributions. For example, you may not be able to make up additional employee contributions if the total amount you contributed to your uniformed services account from all elements of pay (i.e., basic pay, incentive pay, and special pay, including bonuses) exceeds the amount you could have contributed to your civilian account. Although the total amount of your uniformed services contributions must be used to determine the amount of civilian contributions you may make up, only your uniformed services contributions from basic pay may be used to determine the "immediate" agency matching contributions to which you are entitled.

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<sup>2</sup> As of the date of this fact sheet, no service secretaries have authorized matching contributions for members of the uniformed services.

in effect at the time the contributions are posted to your account.

**Receiving lost earnings.** You are entitled to lost earnings on your makeup agency contributions. You are not entitled to lost earnings on your makeup employee contributions.

You may elect to have the lost earnings on your agency contributions determined by using the rates of return for the fund(s) specified by your contribution allocation in effect at the time the contributions **would have been made** had you remained in civilian service or pay status or by using the rates of return for the Government Securities Investment (G) Fund. You cannot elect a combination of these two methods. You must make this election with your agency before it reports your makeup agency contributions because the reporting mechanism used by your agency informs the TSP how to determine lost earnings.

**Time limits.** To make up missed TSP contributions, you must submit a written request to your agency within 60 days of the date of your reemployment in, or restoration to, civilian service.

### **Restoring Forfeited Agency Automatic (1%) Contributions**

If the Agency Automatic (1%) Contributions and attributable earnings in your TSP account were removed because you did not meet the TSP vesting requirement when you separated to perform military service, you are entitled to have these funds restored to your TSP account.

**Restoration process.** You must notify your agency that the Agency Automatic (1%) Contributions and attributable earnings were removed from your account. You can tell if a forfeiture was processed by checking your TSP participant statements. Your agency must take the actions required by the TSP to request that the funds be restored to your account. The TSP record keeper will then restore these funds to your account.

### **Returning Money Withdrawn from the TSP**

If you separated from civilian service to perform military service and your TSP account was automatically cashed out, you may return to the TSP an amount equal to the full amount of the payment.

(You may not return only part of this amount.) You will not receive lost earnings on this amount.

The right to return your TSP cashout will expire if you do not provide notice to the TSP record keeper within 90 days of the date of your reemployment in, or restoration to, civilian service. You must provide the record keeper a copy of your SF-50, Notification of Personnel Action, or a letter from your agency indicating your reemployment under 38 U.S.C. Chapter 43. The TSP record keeper will then notify you of the amount you must return. You must provide this amount to the record keeper as a single payment. You may not return a voluntary withdrawal.

### **Resuming TSP Loan Payments**

If you had a TSP loan for which payments were suspended because you entered nonpay status to perform military service, your agency will resume your loan payments when you return to pay status. However, you may be required to reamortize your loan (which will include interest accrued during the period of your military service) and the time frame for repaying your loan (i.e., the original term or, if applicable, the reamortized term) will be extended by your period of military service. Consequently, when you return to pay status, the TSP record keeper must receive documentation to show the beginning and ending dates of your military service. To document this period, you may submit a copy of your DD Form 214, Certificate of Release or Discharge From Active Duty, or your agency may submit Form TSP-41, Notification to TSP of Nonpay Status.

### **Reversing a Taxable Distribution**

If you had a TSP loan that was closed as a taxable distribution because you separated or were placed in nonpay status to perform military service, you may be eligible to have the taxable distribution reversed after you return to civilian service or pay status. If you also received an automatic cashout of your TSP account when you separated, you must return the cashout (as explained above) to be eligible for a reversal of the taxable distribution of your loan. However, if you voluntarily withdrew your TSP account when you separated, you are not eligible to have the taxable distribution of your loan reversed.

To reverse the taxable distribution, you may either repay the full amount of the taxable distribution or you may reinstate a loan payment schedule if the reinstatement is permitted within the established limits of the loan program. The maximum time frame for repayment of your loan will be extended by your period of military service.

To exercise this opportunity, you must notify the TSP record keeper within 90 days of the date of your return to civilian service or pay status. You must provide the record keeper with a copy of your SF-50, Notification of Personnel Action, or a letter from your agency which shows that your reemployment or return to pay status was made under 38 U.S.C. Chapter 43, and a copy of your DD Form 214 which shows your period of military service. The TSP record keeper will then contact you regarding the repayment or reinstatement of your loan and the additional action(s) that must be taken.