



United States
Department of
Agriculture

Office of
Finance and
Management

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Title: 5, United States Code
Chapter: 84, Federal Employees' Retirement System, Subchapter III, Thrift Savings Plan
Bulletin: 88-17, Income Deferral of Thrift Savings Plan Contributions for the State of California
Date: April 8, 1988
To: TSP Payroll Office Representatives
TSP Personnel Office Representatives
TSP Automated Data Processing Representatives

The purpose of this bulletin is to provide agency representatives with information regarding income deferral of Thrift Savings Plan (TSP) contributions made by California residents. The Franchise Tax Board of the State of California has notified the Federal Retirement Thrift Investment Board (the Board) that Assembly Bill 2130, signed February 18, 1988, allows for income deferral of contributions made to the TSP by California residents. The provisions of the bill are retroactive to cover employee contributions made during 1987.

Agency representatives were notified in TSP Bulletin 87-61, Guidelines on Tax Reporting for Employee Contributions to the TSP, dated December 23, 1987, that the State of California did not permit income deferral of TSP contributions. In view of the change made by the California Franchise Tax Board, 1988 IRS Forms W-2 should reflect the same State and Federal taxable wages with regard to the TSP.

Since the change is retroactive to 1987, the Board recommends that agencies notify all employees affected by Assembly Bill 2130. The employees should be informed that the 1987 California State taxable wages include the amount of the TSP employee contributions and are thus overstated. Accordingly, the employees may wish to consult their tax advisor or the Franchise Tax Board as to what action, if any, they should take to file or amend their 1987 tax returns. Since payroll offices are not required to issue IRS Form W-2C, Statement of Corrected Income and Tax Amounts, employees should cite Assembly Bill 2130 to explain the TSP deferral from their 1987 California State taxable wages.

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Expiration
Date: When superseded.

The information provided in this bulletin supersedes all instructions provided for the State of California in TSP Bulletin 87-61.

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