

Federal Retirement Thrift Investment Board

§ 1645.7

produce the earnings available for allocation to the participant accounts in the respective investment fund for the current valuation period.

[53 FR 15621, May 2, 1988, as amended at 61 FR 58974, Nov. 20, 1996]

§ 1645.4 Administrative expenses attributable to each investment fund.

A portion of administrative expenses accrued during each valuation period will be charged to each investment fund. The investment funds' respective portions will be determined as follows:

(a) Investment managers' fees and other accrued administrative expenses attributable only to the C or F Fund will be charged to the C or F Fund, respectively;

(b) All other accrued administrative expenses will be reduced by forfeitures and earnings on forfeitures accrued during the valuation period;

(c) The amount of accrued administrative expenses not covered by forfeitures under paragraph (b) of this section will be charged on a *pro rata* basis to the investment funds, based on the respective investment fund balances on the last day of the prior valuation period.

[61 FR 58974, Nov. 20, 1996]

§ 1645.5 Basis for allocation of earnings.

(a) *Individual account basis.* Except for the amounts described in paragraph (b) of this section, the individual account basis on the earnings allocation date for each source of contributions in each investment fund equals:

(1) The month-end account balance as of the previous allocation date; plus

(2) One-half of contributions posted to the individual account during the current valuation period (except for contributions referred to in paragraph (b) of this section); plus

(3) One-half of all loan repayments posted to the individual account during the current valuation period.

(b) *Inclusion of retroactive contributions.* The individual account basis for agency automatic (1%) contributions will also include all amounts attributable to retroactive contributions that are made to the individual account pursuant to 5 U.S.C. 8432(c)(3)

and that are processed by the record-keeper during the current valuation period.

(c) *Computation of fund basis.* For each valuation period, the total fund basis for each investment fund will be the sum of all individual account bases for all sources of contributions in that investment fund, calculated as described in paragraphs (a) and (b) of this section.

[61 FR 58974, Nov. 20, 1996]

§ 1645.6 Earnings allocation for individual accounts.

(a) *Computation of earnings for each individual account.* Earnings for each source of contributions for each investment fund will be allocated to each individual account separately. The total net earnings for each investment fund (as computed under §1645.3) will be divided by the total fund basis for that investment fund (as computed under §1645.5(c)). The resulting number (the "allocation factor") will be multiplied by the individual account basis for the respective source of contributions in that investment fund (as computed under §1645.5(a)), to determine the individual account earnings for the valuation period attributable to that source of contributions in that investment fund. The earnings of the individual account for each source of contributions in each investment fund, when added together, will constitute the earnings for that individual account during the valuation period.

(b) *Residual net earnings.* Amounts allocated to individual accounts may not exceed the total amount of earnings available to be allocated. To avoid allocating excessive amounts, computation of earnings for individual accounts described in paragraph (a) of this section will not include fractions of a cent. Residual net earnings attributable to unallocated fractions of a cent will be allocated with the earnings for the following valuation period.

[61 FR 58974, Nov. 20, 1996]

§ 1645.7 Posting of earnings to individual accounts.

For each source of contributions for each investment fund, the amount of earnings computed for each individual

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account in a valuation period, as described in §1645.6, will be posted to the individual account as of the allocation date.

[61 FR 58974, Nov. 20, 1996]

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AUTHORITY: 5 U.S.C. 8351, 8433, 8434, 8435, 8474(b)(5), and 8474(c)(1).

SOURCE: 62 FR 49113, Sept. 18, 1997, unless otherwise noted.

Subpart A—General

§ 1650.1 Definitions.

As used in this part:

Account balance means, unless otherwise specified, the nonforfeitable valued account balance of a TSP participant as of the most recent month-end before the date a withdrawal occurs.

Board means the Federal Retirement Thrift Investment Board established pursuant to 5 U.S.C. 8472.

CSRS means the Civil Service Retirement System established by 5 U.S.C. chapter 83, subchapter III, or any equivalent retirement system.

FERS means the Federal Employees' Retirement System established by 5 U.S.C. chapter 84, or any equivalent retirement system.

In-service withdrawal means an age-based or financial hardship withdrawal from the TSP obtained by a participant who is still employed by the Government.

Monthly processing cycle means the process, beginning on the evening of the fourth business day of the month, by which the record keeper allocates the amount of earnings to be credited to participant accounts in the Plan and authorizes disbursements from the Plan.

Participant means any person with an account in the Thrift Savings Plan.

Post-employment withdrawal means a withdrawal from the TSP obtained by a participant who has separated from Government employment, as defined in this section.

Reimbursement means a payment made to or on behalf of a participant by any person or entity (including an insurance company) to cover the cost of an extraordinary expense described in §1650.31(a)(2).

Separation from Government employment means the cessation of employment with the Federal Government or