

## Special 2009 RMD Notice

On December 23, 2008, President Bush signed into law P.L. 110-458 to help reduce the impact of the economic downturn on retired Americans. This law affects TSP participants who are separated from Federal service and who are or will turn 70½ or older by December 31, 2009. If you are not currently separated from service *and* will not be separated by December 31, 2009, this information does *not* apply to you. For all others in this age group, the new law places a one-year suspension on required minimum distribution payments (RMDs).

This new legislation applies only to 2009 RMDs; it does *not* affect 2008 RMDs that have already been made or must be made through April 1, 2009. This letter explains how the 2009 RMD rules and the rules governing the TSP apply to the following three groups of participants who are 70½ or older *and* separated from service:

### **Group I: Participants who are already receiving monthly payments**

All participants in this group, regardless of age, are required to continue receiving monthly payments once they begin. However, the TSP is allowing special changes in 2009 for participants who are 70½ or older and receiving monthly payments. You now have the following two options:

- ∞ If you are receiving monthly payments based on your *life expectancy*, you should already have received a letter from the TSP providing your new monthly payment calculation and your 2009 required minimum distribution amount. Because the new law suspends the 2009 required minimum distribution, we are allowing you to reduce your TSP payments by changing your distribution to a fixed dollar amount that is not less than \$25 per month. Use Form [TSP-73](#), Change in Monthly Payments ([TSP-U-73](#) if you are a member of the uniformed services), and indicate your desired dollar amount on the first line of Item 10 in Section II of the form. Participants who make this change for 2009 will be permitted to change back to payments based on life expectancy only during the annual change period at the end of this year.
- ∞ If you are receiving monthly payments of a *fixed dollar amount*, you may reduce that payment to not less than \$25 per month for 2009. You can change your monthly payment amount now by using Form [TSP-73](#), Change in Monthly Payments ([TSP-U-73](#) if you are a member of the uniformed services) and indicate the new dollar amount on the second line of Item 10 in Section II of the form. In the future, you may make a change to your monthly payments during the regular annual change period.

If you choose either of the two above-mentioned options, please write “2009 RMD Special Processing” in the left-hand margin in Section II of the form.

For more information, please refer to the TSP tax notice [“Special 2009 Tax Notice for Participants Age 70½ or Older.”](#)

**Group II: Participants who turned 70½ in 2008 and have not yet requested a TSP withdrawal**

If you are in this group, you are required by TSP rules to make a withdrawal election by April 1, 2009. You should already have received a letter from the TSP reminding you that it is important to make your withdrawal election prior to that date. Follow the instructions in that letter to make your withdrawal request. To see how your withdrawal will be treated in 2009, you should refer to the TSP tax notice [“Special 2009 Tax Notice for Participants Age 70½ or Older.”](#)

When your withdrawal is processed, the TSP will apply your 2008 required minimum distribution to your withdrawal. If you do not make an election by March 1, 2009, we will send you your 2008 required minimum distribution payment by check. However, you will not be subject to a required minimum distribution for 2009. If you request monthly payments, the required minimum distribution rules will apply again beginning in January 2010. For more information about required minimum distributions, see the TSP tax notice [“Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions.”](#)

**Group III: Participants who are turning 70½ in 2009**

If you are in this group, the TSP requires that you make a withdrawal election by April 1, 2010. Previously, the IRS would have required you to satisfy your first-year required minimum distribution by that April 1 date as well. However, for 2009, the new law does not require you to do so. Please be aware that if you request monthly payments, you will be subject to the 2010 required minimum distribution rules beginning in 2010. For more information about required minimum distributions, see the TSP tax notice [“Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions.”](#)

All forms and tax notices mentioned above can be found on the TSP Web site, [www.tsp.gov](http://www.tsp.gov). Look for the link titled “New Law Affecting 2009 Required Minimum Distributions” near the top of the Home page. If there are any further changes in the law, the TSP Web site will be updated to address them. You may also obtain the forms and notices from the TSP.

If you have any questions, call the ThriftLine number at 1-877-968-3778. Callers outside the United States and Canada should call (404) 233-4400 (not a toll-free number). The TSP’s hours are Monday through Friday, 7 a.m. to 9 p.m. eastern time. You can also write to the TSP. Please include your daytime telephone number and TSP account number (or your Social Security number) on all correspondence so that we can identify your account.