Thrift Savings Plan
BULLETIN for Agency TSP Representatives

Subject: Forfeiture Restoration Procedures and Introduction of Form TSP-5-R, Request to Restore Forfeiture

Date: May 18, 1995

The purpose of this bulletin is to provide agency representatives with detailed instructions for requesting a restoration of a forfeiture and to provide the new Form TSP-5-R, Request to Restore Forfeiture.

I. Background

Forfeitures of Agency Automatic (1%) and Agency Matching Contributions and associated earnings occasionally occur as a result of erroneous data having been submitted to the Thrift Savings Plan (TSP) recordkeeper by the employing agencies. Participants are entitled to have forfeited funds restored if a forfeiture occurred because of agency error. In addition, those TSP participants who separate to perform military service and who later are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) can have forfeited funds restored if a forfeiture occurred as a result of the separation.

II. Statutory Forfeitures

A. A statutory forfeiture of a participant's Agency Automatic (1%) Contributions and associated earnings occurs when a TSP participant is not vested when he or she separates from Government service. (See TSP Bulletin 95-17, Thrift Savings Plan Vesting Requirement and the TSP-Service Computation Date, dated May 18, 1995, for detailed information regarding vesting requirements.) If a statutory forfeiture occurred because an employing agency submitted erroneous employee data (e.g., TSP-Service Computation Date, TSP-Separation Code, TSP-Separation Date, or TSP-Vesting Code) to the TSP recordkeeper, the participant is entitled to have the forfeited funds restored. The **participant's agency** must take the following actions:

(Continued on next page)

Inquiries: Questions concerning this bulletin should be directed to the Federal Retirement Thrift Investment Board at **202-942-1460**.

Federal Retirement Thrift Investment Board • 1250 H Street, NW • Washington, DC 20005

1. Correct the erroneous employee data that caused the forfeiture (e.g., TSP-Service Computation Date, TSP-Separation Code, TSP-Separation Date, or TSP-Vesting Code) by submitting a current Employee Data Record (01-Record) with the corrected data to the TSP recordkeeper.

2. Submit a completed Form TSP-5-R to the TSP recordkeeper to request that the forfeited funds be restored.

B. Erroneous employee data are occasionally submitted by an employing agency when a participant transfers to another Government agency or changes payroll offices. Instead of submitting an Employee Data Record (01-Record) with a TSP-Separation Code of "T-Transferred," the agency submits an Employee Data Record (01-Record) with a TSP-Separation Code of "S-Separated." If the participant is not vested when the erroneous TSP-Separation Code is submitted, the Agency Automatic (1%) Contributions and associated earnings are forfeited. (See TSP Bulletin 94-20, Changes to TSP-Separation Codes: Additional System Edits for TSP-Separation Codes and TSP-Date-of-Birth, dated August 29, 1994, for additional information regarding the submission of TSP-Separation Codes by means of the Employee Data Record (01-Record).) To correct the error, the **losing agency** must:

1. Submit an Employee Data Record (01-Record) with the correct TSP-Separation Code of "T-Transferred."

2. Submit a completed Form TSP-5-R to the TSP recordkeeper to request that the forfeited funds be restored.

C. Generally, a break in service of more than three days is considered a separation from Government service. **For TSP purposes, however, a participant is not deemed to have been separated unless there is a break in service of 31 or more full calendar days**. This means that, if a participant separates from one Government agency and is reemployed by the same or another Government agency within 30 days, he or she is not considered to have been separated for TSP purposes. Because the participant was not separated for TSP purposes, the reemploying agency must automatically resume TSP contributions on the date of reemployment as though the participant had transferred to the agency with no break in service. If the losing agency submitted a TSP-Separation Code to the TSP recordkeeper for a nonvested participant who was separated for 30 days or less, and the reemploying agency did not automatically resume the participant's TSP contributions as required, the Agency Automatic (1%) Contributions and associated earnings are forfeited. To correct the account, the **reemploying agency** must:

1. Submit a current Employee Data Record (01-Record) that indicates the participant has been reemployed.

2. Submit a completed Form TSP-5-R to the TSP recordkeeper to request that the forfeited funds be restored.

III. CSRS Forfeitures

A. A Civil Service Retirement System (CSRS) forfeiture can occur if a participant has been misclassified as covered by the Federal Employees' Retirement System (FERS)*. While the employee was erroneously classified as covered by FERS, the participant's agency reports Agency Automatic (1%) Contributions (and Agency Matching Contributions for participants who are making Employee Contributions) to the TSP recordkeeper for investment. Subsequently, the participant's agency corrects the retirement coverage to CSRS. At that time, the Agency Automatic (1%) and Agency Matching Contributions and associated earnings that are in a participant's TSP account are deemed to be erroneous and must be removed. The TSP recordkeeper sends agency payroll offices a report that lists each participant who is coded as covered by CSRS and who has agency contributions and associated earnings in his or her TSP account. These reports provide the agency payroll offices with the information they need in order to submit Negative Adjustment Records (21-Records) to remove the agency contributions that have been in the accounts for less than one year. If Agency Automatic (1%) and Agency Matching Contributions are not removed by the participant's agency, these contributions and associated earnings will be removed from the participant's account by the TSP recordkeeper when all of the agency contributions have been in the participant's account for one year or more.

B. A participant who is misclassified as covered by CSRS, whose agency contributions and associated earnings were forfeited, and who is later determined to be covered by FERS, is entitled to have the forfeited funds restored. The participant's **current agency** must take the following actions:

1. Change the CSRS retirement code to a FERS retirement code by submitting an Employee Data Record (01-Record) with the correct TSP-Retirement Code to the TSP recordkeeper.

2. Submit a completed Form TSP-5-R to the TSP recordkeeper to request that the forfeited funds be restored.

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*CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans. FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans.

3. Review the participant's TSP account and determine if other corrections are required.

   (a) Submit in a lump sum retroactive Agency Automatic (1%) Contributions to cover the period the participant was misclassified as CSRS. If retroactive contributions are required, they must be submitted to the TSP recordkeeper within 30 days of the agency's determination that the participant was misclassified as CSRS (see the Board's error correction regulations in 5 C.F.R. Part 1605).

   (b) Submit in a lump sum retroactive Agency Matching Contributions for the period the participant was misclassified as CSRS, if the participant was making Employee Contributions. If retroactive contributions are required, they must be submitted to the TSP recordkeeper within 30 days of the agency's determination that the participant was misclassified as CSRS (see the Board's error correction regulations in 5 C.F.R. Part 1605).

   (c) Submit Lost Earnings Records (51-Records) if retroactive Agency Automatic (1%) and Agency Matching Contributions are submitted. (See TSP Bulletin 90-39, Implementation of Public Law 101-335, Correction of Employing Agency Errors Relating to the Thrift Savings Plan, dated December 17, 1990; TSP Bulletin 90-40, Processing Lost Earnings Records, dated December 17, 1990; TSP Bulletin 92-29, Reports Produced by the TSP Lost Earnings System to Support Agency Financial Management Procedures, dated December 10, 1992; and 5 C.F.R. 1606, Lost Earnings Attributable to Employing Agency Errors, for detailed information on submitting Lost Earnings Records (51-Records).)

   (d) Submit retroactive contributions and Lost Earnings Records (51-Records) as soon as it is known that these corrections are required. However, these submissions are not required before a restoration of forfeited funds will be processed. Complete, if applicable, Items 5 and 6 of Section II of Form TSP-5-R if these corrections have been completed prior to the request to restore a forfeiture. The participant's current employing agency must ensure that all corrections are made to the participant's TSP account.

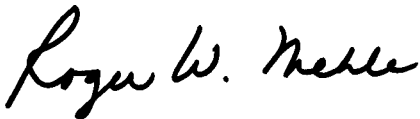## IV. Statutory Forfeitures Resulting from Military Activation

A. A statutory forfeiture can occur for FERS participants who were not vested when they separated to perform military service. Under the provisions of USERRA, these participants are eligible to have the forfeited amounts restored to their TSP accounts.

B. The participant's **reemploying agency** must take the following actions:

1. Submit a current Employee Data Record (01-Record) to the TSP record-keeper showing that the participant is now reemployed and reflecting the corrected TSP-SCD to include the period of military service.

2. Submit a completed Form TSP-5-R to the TSP recordkeeper to request that the forfeited funds be restored.

C. See TSP Bulletin 95-13, Implementation of Public Law 103-353, the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), dated April 21, 1995, for additional information regarding employing agencies' responsibilities for implementing the TSP provisions of USERRA.

V. Form TSP-5-R, Request to Restore Forfeiture

A. Form TSP-5-R is a new form that has been developed for agencies to use to request that forfeited funds be restored. The form must be used to request that funds be restored for each type of forfeiture described above. The form has five sections as follows:

1. **Section I. Participant Information.** This section contains the identifying information for the participant for whom the restoration is being requested. Included are the participant's name, the participant's Social Security number, and the participant's date of birth.

2. **Section II. Verification of Corrections Made to Participant's TSP Account.**

    (a) Use Item 4 of this section to verify that the incorrect employee data in the participant's TSP account that caused the forfeiture to occur have been corrected by the employing agency prior to submitting Form TSP-5-R. For example, if a participant was misclassified as a CSRS participant, the employing agency must have submitted an Employee Data Record (01-Record) for the participant to reflect a FERS retirement code. **Note: Form TSP-5-R will not be processed if Item 4 is not completed by the agency. The incorrect employee data that caused the forfeiture must be corrected before the TSP recordkeeper will restore the forfeited funds.**

    (b) Use Items 5 and 6 of this section to verify whether retroactive agency contributions and/or Lost Earnings Records (51-Records) have also been submitted to correct the participant's TSP account.

3. **Section III. Agency Identifying Data.** This section contains the identifying information for the submitting agency. It includes the agency's name, the payroll office number, the name of the agency contact person, and the telephone number of the agency contact person.

4. **Section IV. Certification and Request to Restore Funds.** This section provides the certification required for the TSP recordkeeper to process the forfeiture restoration. It includes the request to restore the forfeited funds and the certification that incorrect data in the participant's TSP account have been corrected prior to submitting Form TSP-5-R and, where applicable, that retroactive agency contributions and Lost Earnings Records (51-Records) have been submitted to the TSP recordkeeper. Section IV must be signed by an authorized certifying official for the agency. Generally, this is the payroll certifying officer (or other agency official) who is knowledgeable about the agency's payroll submissions. **Form TSP-5-R cannot be signed by the participant.**

5. **Section V. Data Entry (For TSP Use Only).** This section is used by the TSP Operations Office only. Employing agencies do not complete this section.

B. Form TSP-5-R is not a stocked form; therefore, this form can be reproduced locally. For your convenience, five copies of the form are attached to this bulletin.

ROGER W. MEHLE
Executive Director

Attachment: Form TSP-5-R, Request to Restore Forfeiture

THRIFT SAVINGS PLAN

TSP-5-R

REQUEST TO RESTORE FORFEITURE

Use this form to request the restoration of agency contributions that were forfeited from a participant's Thrift Savings Plan (TSP) account and to verify that corrected employee data have been submitted to the TSP.

Fax the form to: **Thrift Savings Plan**
Agency Technical Support Section
FAX: (504) 426-9788

I. PARTICIPANT INFORMATION

1. Name _____
         Last   First   Middle

2. Social Security Number _____ – _____ – _____

II. VERIFICATION OF CORRECTIONS MADE TO PARTICIPANT'S TSP ACCOUNT

3. **Corrected Employee Data.** Corrected employee data (e.g., Retirement Code, Vesting Code, TSP-Service Computation Date, Employment Code, or Employment Code Date) were submitted to the TSP with:

a. JV Report Number _____   **b.** Report Date ____ / ____ / ____
                                                                        mm   dd   yyyy

Note: Form TSP-5-R will not be processed if this section is not completed. Employee data must be corrected before forfeited funds will be restored.

III. AGENCY IDENTIFYING DATA

4. _____   **5.** _____
        Name of Agency   Payroll Office Number

6. _____   **7.** (_____) _____ – _____
        Agency Contact Person   Telephone (*Area Code and Number*)

IV. CERTIFICATION AND REQUEST TO RESTORE FUNDS

I hereby request that forfeited funds be restored for the above participant. In addition, I certify that the information provided in Section II is correct and that the participant is entitled to have the forfeited amounts restored to his or her TSP account.

8. _____
        Typed or Printed Name of Authorized Certifying Official

9. _____   **10.** _____
        Signature of Authorized Certifying Official   Date Signed

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V. DATA ENTRY
(For TSP use only)

11. Department _____   **12.** Date Forfeiture Processed _____

13. Agency _____   **14.** Restore Earnings (1, 2, 3) _____

15. Payroll Office Number _____

Account Corrected: _____

Reproduce Locally

Form TSP-5-R (1/2006)

GENERAL INFORMATION

Form TSP-5-R must be submitted to the TSP record keeper to certify that a participant is entitled to have for-feited funds restored and to initiate the restoration process. A separate Form TSP-5-R must be submitted for each participant. Before a forfeiture can be restored, however, **the agency must also submit an Employee Data Record to correct the data that caused the forfeiture**.

I. PARTICIPANT INFORMATION

1 – 2: Complete both items in this section. This information is needed by the TSP to identify the participant's account.

II. VERIFICATION OF CORRECTIONS MADE TO PARTICIPANT'S TSP ACCOUNT

3: Complete this item to provide the Journal Voucher (JV) Report Number and date that the corrected Em-ployee Data Record was submitted. **Form TSP-5-R will not be processed if Item 3 is not completed.**

III. AGENCY IDENTIFYING DATA

Complete this section to provide information about the agency that is requesting the restoration and the per-son to contact if there are any questions about the request.

4: Enter the name of the agency that is requesting that the forfeiture be restored.

5: Enter the payroll office number of the agency that is requesting that the forfeiture be restored.

6: Type or print the name of the person who is the agency's point of contact for the request to restore the forfeiture.

7: Enter the telephone number of the agency's contact person.

IV. CERTIFICATION AND REQUEST TO RESTORE FUNDS

8 – 10: The agency's authorized certifying official who is responsible for the accuracy of the information on Form TSP-5-R must complete this section to request that the forfeited funds be restored. The certifying official must certify that an Employee Data Record to correct in the participant's TSP account has been submitted.

V. DATA ENTRY
(For TSP use only)

This section is used by the TSP record keeper only. Do not complete this section.