



# Thrift Savings Plan BULLETIN for Agency TSP Representatives

**Subject:** H.R. 1256 — Implementation of Immediate Agency Contributions for Participants Covered by the Federal Employees' Retirement System and Equivalent Federal Retirement Plans

**Date:** June 16, 2009

H.R. 1256, which includes the Thrift Savings Plan Enhancement Act of 2009, passed the U.S. Senate on June 11, 2009, and the U.S. House of Representatives on June 12, 2009. The White House has indicated that the President will sign the Act into law.

The Act provides a number of changes to the Thrift Savings Plan (TSP). In particular, this law eliminates the waiting period for employees covered under the Federal Employees' Retirement System (FERS) (and equivalent Federal retirement systems) to receive Agency Automatic (1%) and Agency Matching Contributions. The Act provides that this specific provision commences immediately upon the signing of the legislation into public law.

There are two populations affected by this provision:

- (1) All FERS employees who are newly hired or rehired after the Act has been signed; and
- (2) FERS employees who are currently employed and waiting until the second election period to become eligible for agency contributions (i.e., employees hired on or after December 1, 2008).

Under the Act, both groups will immediately be eligible for the Agency Automatic (1%) Contributions. In addition, if the participant is contributing to the TSP, he or she will be eligible for the associated Agency Matching Contributions.

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<sup>1</sup> The Act does not create a retroactive entitlement. That is, an employee in a waiting status is only eligible for agency contributions after the date H.R. 1256 is signed into law. The employee is not eligible for any agency contributions before the date H.R. 1256 is signed into law.

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

**Chapter:** This bulletin may be filed in Chapter 3, Eligibility.

The Federal Retirement Thrift Investment Board (Board) is working with agency Human Resources representatives and payroll offices on the immediate implementation of this provision. We anticipate publishing an interim final rule with request for comments will be published in the June 19, 2009 Federal Register. This bulletin provides immediate instructions regarding the implementation; a replacement for TSP Bulletin 05-2, Participation in the Thrift Savings Plan, will be issued shortly.

### **Agency Actions to Implement Immediate Agency Contributions**

We will announce the signing of the Act on the TSP Web site (Information for Agency Representatives). Once the Act has been signed into law, agencies should immediately take the following actions. Please note that we are using our existing TSP status codes and their definitions for this implementation.

- (1) All employees *newly hired or rehired after the Act is signed* should be coded as immediately eligible for agency contributions. The existing status codes should be used:
  - (a) “E”, or eligible for agency contributions. Agencies assign this status code to FERS employees who must receive Agency Automatic (1%) Contributions, but who have not made TSP contribution elections. The TSP status date of a FERS employee coded “E” is the first day of the first full pay period during which the employee became eligible to receive agency contributions. For FERS employees hired or rehired after the Act is signed, this will be their entry on duty date. For employees who are converted from a position not covered by FERS to a position covered by FERS, the status date would be the date of FERS coverage because that is the date upon which the employee becomes eligible for, at a minimum, Agency Automatic (1%) Contributions.
  - (b) “Y” or yes, contributing. Agencies assign this status code to FERS employees who are contributing to the TSP and who must receive agency contributions.

The TSP status date of an employee coded “Y” (yes, contributing) is the effective date of the employee’s first contribution election. The status date does not change if the employee submits a subsequent election to change the amount of his or her contributions.

- (c) The status code “W”, or contributing but waiting to receive agency contributions, is obsolete under the new provisions and should not be used.

- (2) For those employees who are *currently in the waiting period* to be eligible for agency contributions:
- (a) Preferably the first full pay period after the Act is signed into law, but no later than the first full pay period of August 2009, payroll offices must start submitting agency contributions for these participants. Noncontributing participants would receive the Agency Automatic (1%) Contributions, while contributing participants would receive the Agency Automatic (1%) and Agency Matching Contributions.
  - (b) As soon as possible (preferably with the first agency contributions), the following status codes should be submitted for these participants:
    - i. If the participant was not/is not contributing, then the status code “E” should be used.
    - ii. If the participant was originally coded “W”, then the status code “Y” should be submitted.
    - iii. If the participant had stopped his or her contributions during the waiting period (status code “S”), then the status code should be changed to the existing “T,” or terminated contributions, code. The status code “S” is obsolete under the new provisions.
    - iv. The status date for these code changes is the date the participant became eligible for the agency contributions.
    - v. NOTE: Because of the speedy implementation of the new provisions, the TSP will accept agency contributions for participants coded “W” and “S.” However, we will phase out these codes with the implementation of automatic enrollment early in 2010.

## **TSP Actions**

In addition to assisting agencies in the transition to immediate agency contributions, the TSP is updating the Plan Summary, the booklet *Managing Your TSP Account*, and other materials that refer to the waiting period for agency contributions. The TSP Web site is also being updated.

We will replace TSP Bulletin 05-2, Participation in the Thrift Savings Plan, and update the reference materials in the Info for Agency Reps section of the TSP Web site. No immediate changes to the payroll office data submission application or to the current payroll submission edits are anticipated although we will phase out the “W” and “S” status codes as noted above.

## **Other Provisions of the Act**

The additional provisions of the Act, including automatic enrollment in the TSP and the TSP Roth 401(k) feature, do not have implementation dates. We will begin working with the agency personnel and payroll office representatives on these two provisions once we have accomplished the immediate agency contributions project. Additional information about the other provisions of the Act which do not require agency action (e.g., the implementation of spouse beneficiary accounts) will be provided as they are introduced by the TSP.

A handwritten signature in cursive script that reads "Pamela-Jeanne Moran".

PAMELA-JEANNE MORAN  
Director  
Office of Participant Services