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5 CFR Ch. VI (1–1–03 Edition)

§ 1645.1 Definitions.

As used in this part, the following terms have the following meanings:

Accrued means accounted for during a valuation period, whether or not actually paid or received during that period.

Administrative expenses means the expenses authorized by 5 U.S.C. 8437(c)(3).

Agency automatic (1%) contributions means contributions made pursuant to 5 U.S.C. 8432(c)(1) or 5 U.S.C. 8432(c)(3).

Agency matching contributions means contributions made pursuant to 5 U.S.C. 8432(c)(2).

Allocation means any *pro rata* distribution of amounts.

Allocation date means the last day of each calendar month.

Basis means the portion of an account or Investment Fund upon which the allocation of earnings is based.

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

C Fund means the Common Stock Index Investment Fund established pursuant to 5 U.S.C. 8438(b)(1)(C).

Employee contributions means any contributions made pursuant to 5 U.S.C. 8432(a) or 5 U.S.C. 8351(a).

Employer contributions means agency automatic (1%) contributions and agency matching contributions.

F Fund means the Fixed Income Investment Fund established pursuant to 5 U.S.C. 8438(b)(1)(B).

Forfeitures means amounts forfeited pursuant to 5 U.S.C. 8432(g)(2) and other nonstatutory forfeited amounts, net of restored forfeited amounts.

G Fund means the Government Securities Investment Fund established pursuant to 5 U.S.C. 8438(b)(1)(A).

Individual account means the account established for a participant in the Thrift Savings Fund pursuant to 5 U.S.C. 8439(a)(2).

Investment Fund means the G Fund, the F Fund, or the C Fund.

Month-end account balance means the value, as of the allocation date, of the funds for each source of contributions in each investment fund, including all earnings, and any forfeiture, restored forfeited amount, adjustment, earnings correction, loan, withdrawal, or interfund transfer transactions posted as of the allocation date.

Posting means the process of crediting or debiting amounts to an individual account.

Recordkeeper means the organization designated by the Board as the Thrift Savings Plan's recordkeeper.

Source means the origin of any one of the three types of contributions that are made to the Fund on behalf of participants—employee contributions, agency automatic (1%) contributions, or agency matching contributions.

Thrift Savings Fund or *Fund* means the Fund described in 5 U.S.C. 8437.

Valuation period means the calendar month during which earnings accrue.

[53 FR 15621, May 2, 1988, as amended at 61 FR 58973, Nov. 20, 1996]

§ 1645.2 Posting of receipts.

Agency and employee contributions and loan repayments will be posted by source and by investment fund to the appropriate individual account on the day they are processed by the recordkeeper.

[61 FR 58974, Nov. 20, 1996]

§ 1645.3 Calculation of net earnings for each investment fund.

(a) For each valuation period, net earnings will be calculated separately for each investment fund.

(b) Net earnings for each investment fund will equal:

(1) The sum of the following items, if any, accrued during the current valuation period:

(i) Interest on money of that investment fund which is invested with the G Fund;

(ii) Interest on other short-term investments of the investment fund;

(iii) Income (such as dividends and interest) on other investments of the investment fund; and

(iv) Capital gain or loss on investments of the investment fund, net of transaction costs.

(2) Minus the accrued administrative expenses of the investment fund, determined in accordance with § 1645.4.

(c) The net earnings for each investment fund resulting from paragraph (b) of this section will be adjusted by residual net earnings from the previous valuation period for that investment fund, as described in § 1645.6(b), to

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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