Special Edition of the

# Personnel Employee Bulletin

**August 13, 2012**

## ROTH THRIFT SAVINGS PLAN ELECTIONS

The Defense Finance and Accounting Service (DFAS) is now processing Roth TSP elections. Employees can elect to make Roth contributions by submitting the TSP-1 to their servicing DLA Human Resources office or by accessing the Employee Benefits Information System (EBIS).

Federal employees who are eligible to participate in TSP can now make contributions into the new Roth TSP. Under Roth TSP, money is invested after-tax, and along with its associated earnings, is tax-free upon withdrawal, as long as certain Internal Revenue Service conditions are met. There is no reduction in adjusted gross income under Roth TSP contributions as there is with traditional TSP contributions; an important factor to consider when establishing tax bracket, tax deductions, and tax credits. Elective deferral limit applies to the combined total of a participant's tax-deferred traditional contributions and Roth contributions. The Internal Revenue Code deferral limit for 2012 is $17,000.

TSP participants have the option of selecting to invest in the traditional TSP, the new Roth TSP option or a combination of both plans. Employees will be able to invest pre-tax or after-tax dollars in any of the ten different TSP funds, up to the Internal Revenue Code limits. Agency contributions will always be a part of the traditional TSP balance. Money already invested will remain part of the traditional TSP balance, and will not be able to convert to Roth TSP.

A comparison of the traditional TSP and Roth TSP contributions, as well as additional information regarding the Roth TSP can be found at the Thrift Savings Program website.

For additional information, please contact your servicing DLA Human Resources Services office