

DTG
:030826Z
MONTH
:OCT
YEAR
:01

FROM
:HQDA WASHINGTON DC//DAPE-PRR-C//
TO
:ALARACT
INFO
:UNCLAS

SUBJECT: UNIFORMED SERVICES THRIFT SAVINGS PLAN (UNISERV TSP)
IMPLEMENTING POLICY FOR ARMY

REF: A. PUBLIC LAW 106-65, SEC 661, OCT 5, 1999

B. PUBLIC LAW 106-398, SEC 661, OCT 30, 2000

C. TITLE 5, CODE OF FEDERAL REGULATIONS (CFR), CHAPTER 6

D. DOD DIRECTIVE 1341.4, THRIFT SAVINGS PLAN

E. DODFMR, VOLUME 7A, CHAPTER 51, SAVINGS PROGRAMS

F. DODFMR, VOLUME 7C, CHAPTER 10, TSP

G. TSP WEBSITE: [HTTP://WWW.TSP.GOV.](http://www.tsp.gov)

H. TSP BULLETINS

TABLE OF CONTENTS:

PART I--GENERAL INFO

PART II--UNISERV TSP FEATURES

PART III--RESPONSIBILITIES

PART IV--CLAIM PROCEDURES

PART V--BUSINESS PRACTICES

PART VI--POINTS OF CONTACT

PART I--GENERAL INFO

1. TSP WAS ESTABLISHED FOR CIVILIAN EMPLOYEES AS A RETIREMENT SAVINGS AND INVESTMENT PLAN IN 1986. THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2000 (PUBLIC LAW 106-65, OCTOBER 5, 1999), AMENDED BY THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2001 (PUBLIC LAW 106-398, OCTOBER 30, 2000) AUTHORIZED TSP FOR THE UNIFORMED SERVICES. THE PLAN IS A SAVINGS VEHICLE FOR THE MEMBER TO INVEST HIS OR HER OWN MONEY AND OFFERS TAX DEFERRAL ADVANTAGES SIMILAR TO THOSE IN A 401(K). IN THE CASE OF TAX EXEMPT EARNINGS, THEY WILL NOT ONLY BE DEFERRED BUT WILL REMAIN EXEMPT. THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD (FRTIB) WHICH OPERATES THE PLAN SOLELY FOR THE BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES ADMINISTERS THE PLAN AND PROVIDES REGULATORY GUIDANCE AND TRAINING TO AGENCIES. THE NATIONAL FINANCE CENTER (NFC) IN NEW ORLEANS, LOUISIANA IS THE TSP RECORDKEEPER, THAT IS THE AGENCY THAT MAINTAINS

THE ACCOUNTS AND PROVIDES SEMIANNUAL PARTICIPANT STATEMENTS TO ALL TSP PARTICIPANTS.

2. THIS MESSAGE ESTABLISHES POLICY GUIDANCE AND ASSIGNS RESPONSIBILITIES FOR ADMINISTRATION OF UNISERV TSP FOR THE ARMY AND IS EFFECTIVE IMMEDIATELY.

PART II--UNISERV TSP FEATURES

1. ANY MEMBER OF THE UNIFORMED SERVICES SERVING ON ACTIVE DUTY AND ANY MEMBER OF THE READY RESERVE IN ANY PAY STATUS MAY PARTICIPATE IN THE UNISERV TSP IN ACCORDANCE WITH TITLE 5, UNITED STATES CODE, SECTION 8440E. TSP PARTICIPATION IS VOLUNTARY AT THE REQUEST OF THE MEMBER AND NOT AUTOMATIC. EFFECTIVE 9 OCTOBER 2001, ANY MEMBER THAT MEETS THE ELIGIBILITY REQUIREMENTS MAY ELECT TO PARTICIPATE IN TSP DURING A SPECIAL OPEN SEASON OR ANY REGULAR SEASON.

A. ENROLLMENT AND OPEN SEASONS.

(1) SPECIAL OPEN SEASON. CURRENT MEMBERS OR MEMBERS WHO JOIN THE UNIFORMED SERVICES BEFORE 9 DEC 01 MAY ELECT TO PARTICIPATE IN TSP DURING THE INITIAL PERIOD BEGINNING 9 OCT 01 AND ENDING 31 JAN 02. DEDUCTIONS FOR ELECTIONS MADE DURING THIS INITIAL PERIOD WILL BEGIN THE FIRST PAY PERIOD AFTER ELECTION IS RECEIVED BUT NOT EARLIER THAN THE FIRST APPLICABLE PAY PERIOD IN JAN 02.

(2) REGULAR OPEN SEASONS. MEMBERS WHO DO NOT ENROLL DURING THE INITIAL PERIOD WILL HAVE TWO OPEN SEASONS PER YEAR TO ENROLL THEREAFTER. MEMBERS CAN ELECT TO START OR CHANGE THEIR ELECTIONS DURING OPEN SEASONS HELD EACH YEAR (NOVEMBER-JANUARY AND MAY-JULY). AN ELECTION FORM CAN BE SUBMITTED AT ANY TIME DURING AN OPEN SEASON, BUT CONTRIBUTIONS WILL NOT BEGIN BEFORE THE LAST FULL MONTH OF THE OPEN SEASON, WHICH IS REFERRED TO AS THE ELECTION PERIOD.

(3) ACCESSION ENROLLMENTS. MEMBERS OF THE UNIFORMED SERVICES WHO JOIN AFTER THE INITIAL OPEN SEASON (AS WELL AS THOSE WHO REJOIN FOLLOWING A BREAK IN SERVICE) WILL BE ABLE TO ELECT TO PARTICIPATE IN TSP WITHIN 60 DAYS OF JOINING THE UNIFORMED SERVICE. JOINING OR REJOINING THE UNIFORMED SERVICE SHALL BE DEFINED AS WHEN A MEMBER BECOMES ELIGIBLE FOR BASIC PAY OR COMPENSATION RECEIVED UNDER TITLE 37, UNITED STATES CODE, SECTION 206. THE ELECTION MUST BE EFFECTIVE NO LATER THAN THE FIRST FULL PAY PERIOD AFTER THE ELECTION IS RECEIVED. NEW MEMBERS WHO DO NOT ENROLL DURING THIS 60-DAY PERIOD (AND THOSE WHO REJOIN FOLLOWING A BREAK IN SERVICE) MAY ENROLL DURING REGULAR OPEN SEASONS THEREAFTER.

B. CONTRIBUTIONS AND ELECTIONS

(1) THE LAW ALLOWS MEMBERS TO INVEST A PERCENTAGE OF THEIR BASIC

PAY IN THE PLAN PLUS ALL OR ANY SPECIAL AND INCENTIVE PAY THEY MAY RECEIVE, INCLUDING BONUS PAY UNDER TITLE 37, CHAPTER 5, UP TO THE IRS ANNUAL LIMITS DESCRIBED IN PART II, PARAGRAPH 1D. THE MEMBER MUST HAVE ELECTED TO CONTRIBUTE BASIC PAY IN ORDER TO CONTRIBUTE FROM SPECIAL, INCENTIVE, AND BONUS PAY. THE MEMBERS ELECTIONS MUST BE EXPRESSED IN A WHOLE PERCENTAGE AND MADE THROUGH PAYROLL DEDUCTION.

MEMBERS MAY ELECT TO CONTRIBUTE SPECIAL, INCENTIVE, OR BONUS IN ANTICIPATION OF ENTITLEMENT. THE DEDUCTION WILL BE MADE WHEN THE MEMBER BECOMES ENTITLED AND WILL BE DEDUCTED UNTIL ENTITLEMENT TERMINATES OR THE MEMBER CHANGES THE OPTION. MEMBER'S CONTRIBUTIONS WILL FIRST BE ALLOCATED TO THE GOVERNMENT SECURITIES INVESTMENT (G) FUND. ONCE THE MEMBER'S ACCOUNT IS ESTABLISHED, THE TSP WILL SEND THE MEMBER AN INTRODUCTORY LETTER WITH A PERSONAL IDENTIFICATION NUMBER (PIN). AFTER THE MEMBER RECEIVES HIS/HER PIN, THE MEMBER HAS THE OPTION TO MAKE ALLOCATIONS TO ANY OF THE FIVE INVESTMENT FUNDS USING THE TSP WEB SITE. MEMBERS OF THE READY RESERVE WHO ARE ORDERED TO PERFORM PERIODS OF CONTINUOUS ACTIVE DUTY FOR OVER 30 DAYS MAY MAKE TSP ELECTIONS OUTSIDE OF AN OPEN SEASON PROVIDED THE ELECTIONS ARE MADE WITHIN THE FIRST 30 DAYS OF ACTIVE DUTY. CONVERSELY, MEMBERS ON ACTIVE DUTY AND WHO ARE LATER ASSIGNED TO THE READY RESERVE IN ANY STATUS MAY MAKE TSP ELECTIONS OUTSIDE OF AN OPEN SEASON, PROVIDED THE ELECTION IS MADE WITHIN 30 DAYS OF BEGINNING THE NEW STATUS.

(2) A MEMBER'S ELECTION IS SUBJECT TO A MAXIMUM CONTRIBUTION LIMIT. THE MAXIMUM AMOUNT A MEMBER CONTRIBUTES MAY NOT EXCEED 7% OF BASIC PAY (OR COMPENSATION RECEIVED UNDER TITLE 37, UNITED STATES CODE, SECTION 206) FOR ANY PAY PERIOD IN 2002, BUT MAY BE INCREASED IN ACCORDANCE WITH THE FOLLOWING TABLE:

| PAY PERIOD | CONTRIBUTION LIMIT |
|----------------|--------------------|
| 2002 | 7 PERCENT |
| 2003 | 8 PERCENT |
| 2004 | 9 PERCENT |
| 2005 | 10 PERCENT |
| 2006 AND AFTER | UNLIMITED |

ALTHOUGH THE MAXIMUM CONTRIBUTION LIMITS WILL BE ABOLISHED IN 2006, MEMBERS' WILL STILL BE SUBJECT TO THE IRS ANNUAL LIMITS.

(3) THERE IS NO ELECTION LIMIT FOR SPECIAL, INCENTIVE OR BONUS PAY RECEIVED UNDER TITLE 37, CHAPTER 5. A MEMBER MAY CONTRIBUTE UP TO 100% OF THESE PAYS BUT THEY ARE STILL SUBJECT TO INTERNAL REVENUE LIMITATIONS. EXAMPLES OF INCENTIVE PAYS ARE PARACHUTE AND AVIATION CAREER INCENTIVE PAY AND SPECIAL PAYS SUCH AS HOSTILE FIRE/IMMINENT DANGER PAY, HARDSHIP DUTY-LOCATION/MISSION, SPECIAL DUTY ASSIGNMENT PAY, FOREIGN LANGUAGE PROFICIENCY PAY, DIVING DUTY, AND BONUSES. HOWEVER, THE TOTAL YOU CONTRIBUTE MAY NOT EXCEED THE INTERNAL REVENUE DEFERAL LIMIT PROVIDED IN INTERNAL REVENUE CODE

402(G) WHICH IS CURRENTLY \$10,500 BUT WILL INCREASE TO \$11,000 FOR 2002 AND INCREASE \$1,000 EACH YEAR UP TO A MAXIMUM OF \$15,000 IN 2006.

C. CONTRIBUTIONS FROM COMBAT ZONE TAX EXEMPT PAY.

WHEN A MEMBER SERVES IN A COMBAT ZONE TAX EXCLUSION (CZTE) AREA OR QUALIFIED HAZARDOUS DUTY AREA (QHDA), COMPENSATION RECEIVED FOR ACTIVE SERVICE IS EXCLUDED FROM GROSS INCOME AS ALLOWED IN INTERNAL REVENUE CODE SECTION 112. ENLISTED AND WARRANT OFFICERS TOTAL COMPENSATION IS EXCLUDED BUT A COMMISSIONED OFFICERS COMPENSATION IS

ONLY EXCLUDED UP TO A MAXIMUM OF A SENIOR ENLISTED GRADE (FOR 2001, \$4,893.60) PLUS \$150 HOSTILE FIRE/IMMINENT DANGER PAY (HF/IDP) (\$5,043.60), IF ENTITLED. IN A MONTH WHEN A COMMISSIONED OFFICER'S COMPENSATION EXCEEDS THE MAXIMUM EXEMPTION, CONTRIBUTIONS WILL BE TAKEN FROM TAX-EXCLUDED PAY FIRST. IF THE OFFICER IS ELIGIBLE TO CONTRIBUTE MORE THAN THE TAX EXEMPT AMOUNT, CONTRIBUTIONS WILL BE TAKEN FROM THE TAXABLE PAY UP TO THE ELECTED AMOUNT. WHEN A MEMBER HAS CZTE CONTRIBUTED COMPENSATION; IT IS NOT SUBJECT TO THE LIMITATION OF INTERNAL REVENUE CODE 402(G) CURRENTLY FOR 2001, \$10,500; IT IS SUBJECT TO THE LIMITATION OF INTERNAL REVENUE CODE 415(C). THE 415(C) LIMIT FOR 2002 IS \$40,000. KEEP IN MIND, BASIC PAY OR COMPENSATION RECEIVED UNDER TITLE 37, UNITED STATES CODE, SECTION 206 (RESERVE PAY FOR INACTIVE DUTY TRAINING) STILL CANNOT EXCEED THE 7 PERCENT LIMITATION IN INTERNAL REVENUE CODE 402 (G) OR CURRENTLY FOR 2001, \$10,500 (\$11,000 FOR 2002). FOR EXAMPLE IN A MONTH WHEN A MAJOR (O4 OVER 4 YOS) HAS BASIC PAY OF \$4,935 (2001), HF/IDP \$150, AND MEDICAL ADDITIONAL SPECIAL PAY \$15,000, AND HE/SHE ELECTS 7 PERCENT-BASIC PAY, \$345.45, 100 PERCENT-SPECIAL PAY, \$150 HF/IDP + \$15,000 ADDITIONAL SPECIAL PAY = \$15,150 TO BE CONTRIBUTED TO TSP, THE MEMBER HAS CONTRIBUTIONS OF \$5,043.60 FOR EXEMPT EARNINGS AND \$10,451.85 FOR DEFERRED EARNINGS. IF, THE MEMBER HAS PREVIOUSLY CONTRIBUTED \$40.15 OF DEFERRED EARNINGS, HE HAS HIT THE MAXIMUM FOR DEFERRED CONTRIBUTIONS (\$10,500-2001) BUT IF HE REMAINS IN THE ZONE, HE WOULD STILL HAVE UP TO \$19,456.40 (\$24,500-\$5,043.60) OF EXEMPT CONTRIBUTIONS BEFORE HE WOULD REACH THE EXEMPT MAXIMUM (\$24,500). BUT IF THE MEMBER HAS RETURNED FROM THE ZONE, HE HAS REACHED THE MAXIMUM FOR THE YEAR AND NO ADDITIONAL CONTRIBUTIONS CAN BE MADE UNTIL THE NEXT YEAR. SINCE ALL CONTRIBUTIONS TO TSP ARE DEFERRED, THE MEMBER CZTE CONTRIBUTIONS WILL BE TAX-FREE WHEN WITHDRAWN FROM TSP.

D. INTERNAL REVENUE CODE LIMITATIONS.

TWO DIFFERENT PROVISIONS OF THE INTERNAL REVENUE CODE (I.R.C.) LIMIT THE DOLLAR AMOUNT OF TSP EMPLOYEE CONTRIBUTIONS. THESE LIMITS APPLY IN ADDITION TO THE LIMIT ON CONTRIBUTIONS FROM BASIC PAY. IF A MEMBER'S EMPLOYEE CONTRIBUTIONS EXCEED ANY OF THESE LIMITATIONS, THE

MEMBER MAY REQUEST A REFUND OF EMPLOYEE CONTRIBUTIONS (AND ASSOCIATED EARNINGS) FROM THE TSP ON THE FORM TITLED "REQUEST FOR RETURN OF EXCESS EMPLOYEE CONTRIBUTIONS TO PARTICIPANT," WHICH CAN BE OBTAINED FROM THE TSP RECORD KEEPER. THE COMPLETED FORM MUST BE RETURNED TO THE TSP RECORD KEEPER BY 20 FEB OF THE YEAR AFTER THE EXCESS CONTRIBUTIONS WERE MADE.

(1) SECTION 402(G) LIMIT ON ELECTIVE DEFERRAL. SECTION 402(G) OF THE I.R.C. (26 U.S.C. 402(G)) PLACES A DOLLAR LIMIT ON THE AMOUNT A PERSON MAY SAVE ON A TAX-DEFERRED BASIS THROUGH RETIREMENT SAVINGS PLANS. (THE LIMIT IS CURRENTLY \$10,500 FOR 2001 AND WILL INCREASE TO \$11,000 FOR 2002 AND INCREASE \$1,000 EACH YEAR TO A MAXIMUM OF \$15,000 IN 2006). THE TSP WILL NOT ACCEPT ANY EMPLOYEE CONTRIBUTIONS THAT EXCEED THE I.R.C. SECTION 402(G) LIMIT. IF A SERVICE MEMBER CONTRIBUTES TO A CIVILIAN TSP ACCOUNT OR TO ANOTHER QUALIFIED EMPLOYER PLAN DESCRIBED AT I.R.C. SECTIONS 401(K), 403(B), OR 408(K), AND THE TOTAL EMPLOYEE CONTRIBUTIONS FROM TAXABLE INCOME MADE TO ALL PLANS EXCEED THE I.R.C. SECTION 402(G) LIMIT, HE OR SHE MAY REQUEST A REFUND OF EMPLOYEE CONTRIBUTIONS FROM THE TSP TO CONFORM WITH THE LIMIT. (CONTRIBUTIONS FROM TAX-FREE COMBAT ZONE TAX EXCLUSION AND QUALIFIED HAZARDOUS DUTY AREA COMPENSATION ARE NOT TAKEN INTO CONSIDERATION WHEN DETERMINING THE APPLICATION OF THE I.R.C. SECTION 402(G) LIMIT.)

(2) SECTION 415(C) LIMIT ON CONTRIBUTIONS TO QUALIFIED PLANS. SECTION 415(C) OF THE I.R.C. (26 U.S.C. 415(C)) ALSO PLACES AN ANNUAL LIMIT ON THE COMBINED AMOUNT THAT CAN BE CONTRIBUTED TO THE TSP AND TO ALL OTHER QUALIFIED EMPLOYER PLANS DESCRIBED UNDER SECTIONS 401(K), 403(B), OR 408(K) OF THE INTERNAL REVENUE CODE. THE LIMIT FOR 2001 IS CURRENTLY \$35,000. FOR 2002 THE LIMIT WILL BE \$40,000. FOR PURPOSES OF APPLYING THIS LIMIT, COMPENSATION INCLUDES TAX-FREE COMBAT ZONE TAX EXCLUSION AND QUALIFIED HAZARDOUS DUTY AREA COMPENSATION AND IS TAKEN INTO CONSIDERATION WHEN DETERMINING THE APPLICATION OF THE I.R.C. SECTION 415(C) LIMIT. CURRENTLY THE COMBAT ZONE EXCLUSION LIMIT FOR COMMISSIONED OFFICERS IS THE BASIC PAY OF SENIOR ENLISTED GRADE (\$4,893.60-2001) PLUS \$150 HOSTLLE FIRE/IMMINENT DANGER PAY IF ENTITLED. ANY COMPENSATION ABOVE THIS AMOUNT MUST BE APPLIED TO THE I.R.C. 402(G) LIMIT. ENLISTED MEMBERS AND WARRANT OFFICERS THERE IS NO COMBAT ZONE TAX EXCLUSION LIMITATION SO ALL COMPENSATION MAY BE APPLIED TO THE 415(C) LIMIT. NO EMPLOYEE CONTRIBUTION MAY BE MADE TO THE TSP FOR ANY YEAR TO THE EXTENT THAT THE SUM OF THE EMPLOYEE'S CONTRIBUTIONS TO THE TSP AND TO ALL OTHER QUALIFIED EMPLOYER PLANS DESCRIBED UNDER SECTIONS 401(K), 403(B), OR 408(K) OF THE INTERNAL REVENUE CODE, WHEN ADDED TO THE EMPLOYER'S CONTRIBUTIONS TO THE TSP FOR THAT YEAR, WOULD EXCEED THE I.R.C. SECTION 415(C) LIMIT. (IF A SERVICE MEMBER CONTRIBUTES TO A CIVILIAN TSP ACCOUNT AND TO A MILITARY TSP ACCOUNT IN A SINGLE CALENDAR YEAR,

THE ANNUAL LIMIT ON CONTRIBUTIONS WILL BE DERIVED FROM THE PARTICIPANT'S COMBINED MILITARY AND CIVILIAN COMPENSATION.)

E. MATCHING CONTRIBUTIONS

THE LAWS PROVIDES FOR MATCHING FUNDS IN LIMITED INSTANCES AT THE DISCRETION OF THE SERVICE SECRETARY. THERE ARE ALSO PROVISIONS FOR SPECIAL RETENTION INCENTIVES IN THE FORM OF MATCHING FUNDS. AT THIS TIME, THE SECRETARY OF THE ARMY HAS NOT IDENTIFIED ANY CRITICAL SPECIALTIES TO RECEIVE MATCHING FUNDS. WHEN THESE DECISIONS ARE MADE, THEY WILL BE ANNOUNCED BY SEPARATE MESSAGE.

F. TERMINATING TSP

THE MEMBER MAY ELECT TO STOP CONTRIBUTING TO TSP AT ANY TIME. THE STOP WILL BE EFFECTIVE AT THE END OF THE PAY PERIOD IN WHICH THAT ELECTION IS ACCEPTED BY THE MEMBER'S SERVICING ACTIVITY.

(A) MEMBERS WHO TERMINATE BASIC PAY CONTRIBUTIONS MUST TERMINATE ALL OTHER ELECTIVE DEFERRALS. IF THE TERMINATION IS MADE OUTSIDE OF AN OPEN SEASON, THE MEMBER MUST WAIT UNTIL THE SECOND OPEN SEASON FOLLOWING THE TERMINATION TO REENROLL IN THE TSP. IF THE TERMINATION IS MADE DURING AN OPEN SEASON, THE MEMBER MAY REENROLL IN THE TSP DURING THE NEXT OPEN SEASON.

(B) MEMBERS WHO TERMINATE SPECIAL, INCENTIVE, OR BONUS PAY CONTRIBUTIONS NEED NOT TERMINATE BASIC PAY CONTRIBUTIONS. IF THE TERMINATION IS MADE OUTSIDE OF AN OPEN SEASON, THE MEMBER MUST WAIT UNTIL THE SECOND OPEN SEASON FOLLOWING THE TERMINATION TO REINSTATE ELECTIVE DEFERRALS FROM SPECIAL OR INCENTIVE PAY. IF THE TERMINATION IS MADE DURING AN OPEN SEASON, THE MEMBER MAY REINSTATE ELECTIVE DEFERRALS FROM SPECIAL OR INCENTIVE PAY DURING THE NEXT OPEN SEASON.

2. TSP LOAN PROGRAM

A. ALL TSP PARTICIPANTS ARE ELIGIBLE TO OBTAIN A TSP LOAN UNDER TITLE 5 UNITED STATES CODE, SECTION 8433(I). APPLICATION IS MADE DIRECTLY TO TSP WHO WILL PROVIDE REPAYMENT AMOUNTS TO DFAS. THE MEMBER MUST HAVE AT LEAST \$1,000 IN CONTRIBUTIONS AND EARNINGS TO OBTAIN A LOAN. THERE ARE TWO TYPES OF LOANS, RESIDENTIAL AND GENERAL.

(1) THE FEDERAL EMPLOYEES' RETIREMENT SYSTEM ACT (FERS) OF 1986 AND INTERNAL REVENUE CODE, SECTION 72(P) GOVERN THE MAXIMUM LOAN AMOUNT. THE FOLLOWING RULES APPLY:

(A) A PARTICIPANT CAN NEVER BORROW MORE THAN THE AMOUNT OF THE PARTICIPANT'S OWN CONTRIBUTIONS AND EARNINGS.

(B) IF A PARTICIPANT HAS NOT HAD A TSP LOAN OUTSTANDING DURING THE PAST YEAR AND THE PARTICIPANT'S CONTRIBUTIONS AND EARNINGS ARE \$10,000 OR LESS, THE PARTICIPANT CAN BORROW UP TO THE FULL AMOUNT OF THE PARTICIPANT'S CONTRIBUTIONS AND EARNINGS.

(C) IF A PARTICIPANT HAS HAD A TSP LOAN OUTSTANDING DURING THE PAST 12 MONTHS, OR IF THE PARTICIPANT'S CONTRIBUTIONS AND EARNINGS ARE GREATER THAN \$10,000, THE PARTICIPANT SHOULD USE THE WORKSHEET IN THE TSP PUBLICATION ON LOANS TO ESTIMATE THE MAXIMUM AMOUNT THE PARTICIPANT IS ALLOWED TO BORROW.

(D) A PARTICIPANT CANNOT BORROW MORE THAN \$50,000.

(E) WHEN A MEMBER HAS BOTH A CIVILIAN TSP ACCOUNT AND A UNISERV TSP ACCOUNT, THE MAXIMUM LOAN AMOUNT APPLIES TO THE COMBINED ACCOUNTS AND NOT TO EACH ACCOUNT SEPARATELY.

B. INTEREST RATES. THE INTEREST RATE SHALL BE THE POSTED RATE FOR THE G FUND AT THE TIME THE TERMS OF THE LOAN ARE ESTABLISHED. THE RATE IS FIXED AT THAT LEVEL FOR THE LIFE OF THE LOAN, AND THE INTEREST PAID ON THE LOAN SHALL GO BACK TO THE MEMBER'S OWN TSP ACCOUNT. THE INTEREST PAID IS NOT TAX DEDUCTIBLE.

C. TAX EXEMPT AMOUNTS. WHEN A PARTICIPATING MEMBER HAS CONTRIBUTIONS THAT ARE MADE FROM TAX EXEMPT PAY AS WELL AS FROM TAX DEFERRED PAY, THE LOAN PRINCIPLE WILL BE MADE AND REPAYED ON A PRO RATA BASIS FROM THESE FUNDS.

D. LOAN REPAYMENT WILL BE ACCOMPLISHED BY AN ALLOTMENT FROM PAY.

3. SEPARATION OPTIONS

A. WHEN SEPARATING FROM THE UNIFORMED SERVICES, PARTICIPANT'S MAY:

(1) RECEIVE A SINGLE PAYMENT. ALL OR A PORTION OF THE ACCOUNT CAN BE TRANSFERRED TO AN INDIVIDUAL RETIREMENT ACCOUNT (IRA) OR OTHER ELIGIBLE RETIREMENT PLAN (E.G., A 401(K) PLAN OR A CIVILIAN TSP ACCOUNT). TAX-EXEMPT CONTRIBUTIONS TO THE TSP ARE NOT ELIGIBLE FOR TRANSFER TO AN IRA OR OTHER ELIGIBLE RETIREMENT PLAN. THESE CONTRIBUTIONS WILL BE PAID DIRECTLY TO THE SERVICE MEMBER. EARNINGS ATTRIBUTABLE TO THE TAX-EXEMPT CONTRIBUTIONS, HOWEVER, ARE ELIGIBLE FOR TRANSFER TO AN IRA OR OTHER ELIGIBLE RETIREMENT PLAN.

(2) REQUEST A SERIES OF MONTHLY PAYMENTS BASED ON A DOLLAR AMOUNT, A NUMBER OF MONTHS, OR THE PARTICIPANT'S LIFE EXPECTANCY. ALL OR A PORTION OF CERTAIN MONTHLY PAYMENTS CAN BE TRANSFERRED TO AN IRA

OR OTHER ELIGIBLE RETIREMENT PLAN:

(3) REQUEST A TSP ANNUITY. A PARTICIPANT MUST HAVE AT LEAST \$3,500 IN THE ACCOUNT IN ORDER TO PURCHASE AN ANNUITY.

(4) LEAVE THE MONEY IN THE TSP WHERE IT WILL CONTINUE TO ACCRUE EARNINGS. A PARTICIPANT MUST BEGIN WITHDRAWING FROM THE ACCOUNT NO LATER THAN APRIL 1 OF THE YEAR FOLLOWING THE YEAR THE PARTICIPANT TURNS AGE 70 1/2 AND IS SEPARATED FROM SERVICE.

B. ELIGIBILITY FOR TSP SEPARATIONS

(1) THE RELEASE OF THE MEMBER FROM ACTIVE DUTY, NOT FOLLOWED BY ONE OF THE FOLLOWING ACTIONS, BEFORE THE END OF THE 31-DAY PERIOD BEGINNING ON THE DAY FOLLOWING THE EFFECTIVE DATE OF THE RELEASE, WILL BE CONSIDERED A SEPARATION FROM SERVICE.

(A) A RESUMPTION OF ACTIVE DUTY; OR

(B) AN APPOINTMENT TO A POSITION COVERED BY CHAPTER 83 OR 84 OF TITLE 5 OR AN EQUIVALENT RETIREMENT SYSTEM, AS IDENTIFIED BY THE EXECUTIVE DIRECTOR (APPOINTED BY THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD) IN REGULATIONS; OR

(C) AN ASSIGNMENT TO THE READY RESERVE IN ANY PAY STATUS.

(2) TRANSFER OF THE MEMBER TO INACTIVE STATUS (EXCEPT FOR ASSIGNMENT TO THE READY RESERVE IN ANY PAY STATUS), OR TO A RETIRED LIST PURSUANT TO ANY PROVISION OF TITLE 10, WILL BE CONSIDERED A SEPARATION FROM SERVICE.

4. FINANCIAL HARDSHIP WITHDRAWAL

A MEMBER MAY REQUEST A HARDSHIP WITHDRAWAL IF THE WITHDRAWAL MEETS CERTAIN CONDITIONS. YOU MUST DEMONSTRATE FINANCIAL HARDSHIP AND HAVE AT LEAST \$1,000 IN CONTRIBUTIONS. APPLICATION IS MADE DIRECTLY TO THE TSP FOR APPROVAL. SPECIFIC GUIDANCE AND PROCEDURES IS ON THE TSP WEBSITE.

5. FOR RESERVE AND GUARD COMPONENT PERSONNEL ONLY: ADDITIONAL GUIDANCE FOR ARMY NATIONAL GUARD AND ARMY RESERVE MEMBERS WILL BE PROVIDED THROUGH RESERVE AND GUARD CHANNELS.

PART III-RESPONSIBILITIES:

1. DEPUTY CHIEF OF STAFF FOR PERSONNEL (DCSPER), DAPE-PRR-C IS RESPONSIBLE FOR ARMY TSP POLICY. DAPE-PRR-C WILL COORDINATE WITH OTHER ARMY AGENCIES THAT HAVE IMPLEMENTATION RESPONSIBILITIES TO ENSURE RESOLUTION OF ANY POLICY ISSUES THAT MAY PREVENT TIMELY TSP

IMPLEMENTATION.

2. ARMY BENEFITS CENTER-CIVILIAN (ABC-C) IS RESPONSIBLE FOR CUSTOMER SERVICE SUPPORT FOR THE TOTAL ARMY FORCE (GUARD, RESERVE, AND ACTIVE COMPONENT) TO INCLUDE GENERAL PROGRAM INQUIRIES AND CLAIM PROCESSING.

OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF THE ARMY (CIVILIAN PERSONNEL POLICY) IN COORDINATION WITH DCSPER, DAPE-PRR-C WILL PUBLISH GUIDANCE TO ESTABLISH CLAIM PROCESSING PROCEDURES AND CUSTOMER ASSISTANCE AS REQUIRED BY THIS MESSAGE AND LISTED REFERENCES.

3. PERSONNEL COMMAND (PERSCOM) IS RESPONSIBLE FOR CASUALTY ASSISTANCE AND TRANSITION SERVICES AS THEY RELATED TO TSP. PERSCOM WILL PUBLISH GUIDANCE TO ESTABLISH PROCEDURES AS REQUIRED BY THIS MESSAGE AND LISTED REFERENCES.

4. UNITED STATES ARMY PUBLICATION AGENCY (USAPA) IS RESPONSIBLE FOR TSP MATERIAL DISTRIBUTION TO THE TOTAL ARMY FORCE. USAPA WILL COORDINATE ALL DISTRIBUTION REQUIREMENTS WITH THE THRIFT INVESTMENT BOARD AND THE DISTRIBUTION CENTRAL SITE AT ST LOUIS, MO. CENTRAL SITE WILL DISTRIBUTED TSP MATERIALS TO FIELD PERSONNEL OFFICES FOR DISTRIBUTION TO SOLDIERS.

5. TRAINING AND DOCTRINE COMMAND (TRADOC) WILL ENSURE TSP INFORMATION IS PROVIDED TO MEMBERS ATTENDING SERVICE SCHOOLS AND INCORPORATE TSP AS A PART OF EXISTING FINANCIAL READINESS TRAINING. TRADOC WILL PUBLISH GUIDANCE AND ESTABLISH PROCEDURES AS REQUIRED BY THIS MESSAGE AND LISTED REFERENCES.

6. MAJOR COMMANDS (MACOM) WILL ENSURE THEIR SOLDIERS ARE AFFORDED AN OPPORTUNITY TO PARTICIPATE IN THE TSP. MACOM MAY COORDINATE ON SITE TSP TRAINING FOR SUBORDINATE COMMANDS IN COORDINATION WITH THE THRIFT INVESTMENT BOARD. THE SCHEDULE OF TRAINING OFFERED AND DATES AVAILABLE ARE ONLINE AT WWW.TSP.GOV.

7. UNIT COMMANDERS WILL PROVIDE TSP EDUCATION FOR THEIR SOLDIERS WHO ELECT TO PARTICIPATE IN THE PROGRAM.

8. THE ARMY COMMUNITY SERVICE CENTERS (ACS) FINANCIAL COUNSELORS WILL ASSIST COMMANDERS IN EDUCATING SOLDIERS ASSIGNED TO INSTALLATIONS ON THE TSP.

9. UNIT PERSONNEL ADMINISTRATION CENTER (PAC) WILL SUBMIT SOLDIERS' TSP ELECTIONS ON A UNIT TRANSMITTAL LETTER (TL) TO THEIR SERVICING FINANCE OFFICE (COPY) AND SERVICING PERSONNEL OFFICE (ORIGINAL).

A. THE RECEPTION BATTALION AT SOLDIERS' INITIAL ENTRY STATION

WILL PROVIDE SOLDIERS A TSP MEMO OUTLINING THE PROGRAM AND ELECTION INSTRUCTIONS. UPON ELECTING TO PARTICIPATE IN THE TSP, SOLDIERS WILL SEND THEIR TSP-U-1 TO THEIR SERVICING PERSONNEL ADMINISTRATION CENTER (PAC).

B. SOLDIERS NOT ASSIGNED TO INSTALLATIONS (AC/RC, RECRUITING COMMAND AND CADET COMMAND ETC.) WILL RECEIVE TSP EDUCATION AS A PART OF THEIR INPROCESSING. COMMANDS MAY SCHEDULE THEIR INSTRUCTORS FOR TSP TRAINING CONDUCTED AT THE THRIFT INVESTMENT BOARD.

10. THE DEFENSE FINANCE AND ACCOUNTING SERVICES (DFAS) WILL PROVIDE SYSTEM TSP PROCESSING INSTRUCTIONS AND GUIDANCE TO FINANCE OFFICES. DFAS WILL PROCESS TSP INPUT FROM FINANCE OFFICES TO THE NATIONAL FINANCE CENTER.

11. FINANCE OFFICES ARE RESPONSIBLE FOR PROCESSING TSP-U-1 FORMS THROUGH THE DEFENSE JOINT MILITARY PAY SYSTEM (DJMS).

12. SOLDIERS WILL INITIATE THEIR TSP ELECTIONS. THE SOLDIER CAN GO ONLINE WWW.TSP.GOV AND ACCESS A TSP-U-1, FILL OUT THE FORM AND SUBMIT THE TSP-U-1 TO HIS/HER UNIT PAC. THE SOLDIER MAY ALSO CONTACT HIS SERVICING PERSONNEL OFFICE FOR FORMS. THE EMPLOYEE MEMBER SELF SERVICE (EMSS) WEBSITE WILL BE THE RECOMMENDED METHOD OF INITIATING ELECTIONS ONCE THE APPLICATION IS AVAILABLE.

13. UNDER DIMHRS, THE PERSONNEL AND PAY SYSTEMS WILL MERGE AND AT THAT TIME THE PERSONNEL OFFICE WILL BE RESPONSIBLE FOR THE TSP INPUT FUNCTION TO DFAS-IN.

14. ARMY NATIONAL GUARD AND RESERVE COMPONENT PROCEDURES WILL BE ADDRESSED IN A SUPPLEMENT TO THIS MESSAGE. ARMY NATIONAL GUARD AND RESERVE COMPONENTS WILL PUBLISH GUIDANCE AS NECESSARY TO ENSURE THE TSP IMPLEMENTATION BY 9 OCTOBER 2001.

PART IV-CLAIM PROCEDURES

1. A SERVICE MEMBER MAY FILE A CLAIM FOR LOST EARNINGS ON CERTAIN CONTRIBUTIONS THAT, AS RESULT OF SERVICE ERROR, WERE NOT INVESTED WHEN THEY SHOULD HAVE BEEN (AND WHICH THE SERVICE MEMBER DID NOT OTHERWISE RECEIVE). A SERVICE ERROR OCCURS WHEN THE SERVICE DETERMINES THE ERROR WAS A RESULT OF THE SERVICE (UNIT, FINANCE OFFICE, PERSONNEL OFFICE OR DFAS) NOT FOLLOWING NORMAL BUSINESS PRACTICES AND APPLICABLE STATUTES, REGULATIONS, AND ADMINISTRATIVE PROCEDURES.

2. CLAIMS WILL BE PROCESSED THROUGH THE MEMBER'S COMMAND TO THE ABC-C CENTER AT FORT RILEY, KS FOR PROCESSING AND ADJUDICATION IN ACCORDANCE WITH DODD 1341.4. UPON APPROVAL, ABC-C WILL FORWARD CLAIMS TO DFAS FOR PROCESSING.

PART V-BUSINESS PRACTICES

NORMAL BUSINESS PRACTICES. IN REGARDS TO THIS MESSAGE, THE ARMY DEFINES NORMAL BUSINESS PRACTICE AS THE SERVICE PROCESSING A TSP ELECTION WITHIN TWO PROCESSING MONTHS AFTER RECEIPT OF THE ELECTION. FOR EXAMPLE, SOLDIER SUBMITS TSP ELECTION TO HIS/HER PAC ON 15 JANUARY. THE JANUARY PROCESSING MONTH NORMALLY ENDS AROUND 20 JANUARY. THE ELECTION MUST BE REFLECTED IN THE SOLDIER'S PAY ACCOUNT BY CUT OFF OF THE FOLLOWING PROCESSING MONTH AROUND FEBRUARY 20. THE FOLLOWING ILLUSTRATES NORMAL BUSINESS PRACTICES FOR THIS EXAMPLE:

1. THE TSP ELECTION IS PROCESSED BY THE PAC ON 15 JANUARY AND RECEIVED IN THE FINANCE OFFICE 17 JANUARY. TSP ELECTION REFLECTED ON THE SOLDIER'S PAY ACCOUNT BY CUT OFF JANUARY PROCESSING MONTH, AND THE DEDUCTION MADE IN FEBRUARY.
2. THE TSP ELECTION IS PROCESSED BY THE PAC ON 15 JANUARY AND RECEIVED BY THE FINANCE OFFICE AFTER CUT OFF JANUARY. TSP ELECTION WILL BE PROCESSED BEFORE CUT OFF FEBRUARY, AND THE DEDUCTION MADE IN MARCH.

PART VI-POINTS OF CONTACT

1. POC FOR DEPARTMENT OF THE ARMY TSP POLICY IS MAJOR LESLIE A. GERALD, DAPE-PRR-C, DSN 227-9027, COMMERCIAL 703-697-9027
2. POC FOR ARMY NATIONAL GUARD POLICY IS MAJOR RITA THOMPSON, NGB-ARNG, 703-607-3403
3. POC FOR ARMY RESERVE TSP POLICY IS MAJOR DEBORAH RICHARDSON, OCAR-PE, 703- 601-3531
4. POC FOR FINANCIAL COUNSELORS TRAINING IS MR. ISAAC TEMPLETON, 703-681-7396
5. POC FOR DFAS-IN IS MR. SHAUN COY, AC PROCESSING, DSN 699-3204, MS. NANCY EVANS, RC PROCESSING, DSN 699-6637 AND PROCEDURES, MS. LINDA TWERBERG, DSN 699-3241, COMMERCIAL 317-510.
6. POC FOR USAPA IS MS. ROSITA EFFINGER, 703-428-0542
7. POC FOR THE OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF THE ARMY (CIVILIAN PERSONNEL POLICY), MS SHERRY SMITH, 703-325-9984
8. POC FOR THE ABC-C IS MS. KATHY COLE, 785-239-8723

9. POC FOR THE THRIFT INVESTMENT BOARD IS MS. GISILE GOETHE,
202-942-1460.