



Thrift Savings Plan BULLETIN

for Agency TSP Representatives

Subject: Participation in the Thrift Savings Plan

Date: February 2, 2001

Public Law 106-361, enacted October 27, 2000, allows employees to begin contributing to the Thrift Savings Plan (TSP) immediately upon appointment to a position covered by FERS or CSRS (or equivalent Federal retirement systems). However, it does **not** eliminate the waiting period that employees appointed to a position covered by FERS must serve before they can begin to receive agency contributions. Consequently, FERS employees can begin making Employee Contributions to the TSP before they may be eligible to receive Agency Automatic (1%) Contributions and Agency Matching Contributions.

The Federal Retirement Thrift Investment Board will implement this statutory change with the May 15 through July 31, 2001, open season. Essentially, all FERS or CSRS employees appointed before July 1 will have the opportunity to make a TSP contribution election during this open season. Employees appointed on or after July 1, 2001, will have 60 days from the effective date of their appointments to make a TSP contribution election.

This bulletin discusses the new TSP eligibility requirements and the actions that agencies must take to implement them. This bulletin also establishes two new TSP status codes and contains instructions for determining TSP status codes and TSP status dates.

(Continued on next page)

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.

Supersedes: This bulletin supersedes TSP Bulletins 98-27, Thrift Savings Plan Participation of Employees Serving on Dual Appointments, dated August 25, 1998; 98-22, Effect of Transfer to FERS on Thrift Savings Plan Participation, dated June 30, 1998; 92-9, Reemployed Annuitants and the Thrift Savings Plan, dated April 14, 1992; 89-2, Participation in the Thrift Savings Plan, dated January 11, 1989; and 88-32, Participation in the Thrift Savings Plan: May 15 through July 31, 1988 Open Season, dated July 8, 1988.

I. Definitions

- A. **Break in service** for TSP purposes is a separation from Federal service for more than 30 calendar days.
- B. **CSRS** refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Federal retirement systems.
- C. **Contribution election** is a request by an employee to start contributing to the TSP, to change the amount of contributions made to the TSP each pay period, or to terminate contributions to the TSP.
- D. **Election period** is the last calendar month of the open season (currently, January or July). It is the earliest period during which a contribution election to start or change the amount of contributions made during a TSP open season can become effective.
- E. **FERS** refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Federal retirement systems.
- F. **Open season** is the period during which employees covered by FERS or CSRS may elect to make contributions to the TSP, change the amount they are contributing to the TSP, or terminate their TSP contributions (without losing the right to resume contributions the next open season). There are two TSP open seasons each year: November 15 through January 31 and May 15 through July 31.¹

II. Eligibility

All employees covered by FERS or CSRS are eligible to participate in the TSP, and they may make contribution elections. (See Section III.) However, employees covered by FERS must serve a waiting period before they can receive agency contributions to their TSP accounts. (See Section IV.)

Employees appointed to positions that are not covered by FERS or CSRS (e.g., a position covered by Social Security (FICA) only) are not eligible to participate in the TSP.

See the Appendix to this bulletin (Attachment 1) for more information about the TSP eligibility of reemployed annuitants, dual appointees, and employees who elect to transfer to FERS. Except as otherwise noted in the Appendix, these employees are subject to the same TSP rules as all other eligible employees.

¹ When the new record keeping system is implemented, the dates of the open seasons will change to October 15 through December 31 and April 15 through June 30. (See TSP Bulletin 00-6, dated March 30, 2000, for more information about this change and other changes that will occur with the implementation of the new TSP record keeping system.) For purposes of this bulletin, we will address only the current open season schedule.

III. Opportunity to Make TSP Contribution Elections

A. Appointments made during the period January 1 through June 30, 2001

Employees appointed or reappointed following a break in service to a position covered by FERS or CSRS during the period January 1 through June 30, 2001, may make a TSP contribution election during the May 15 through July 31, 2001, open season (as may all other FERS and CSRS employees). Note: Employees appointed during June 2001 will therefore not have the full 60 days to make an initial TSP contribution election.

Effective date of contribution election. TSP contribution elections from May 15 through June 30, 2001, may not be made effective before the first full pay period in July 2001.

B. Appointments made on or after July 1, 2001

Employees appointed or reappointed following a break in service to a position covered by FERS or CSRS have 60 days from the effective date of the appointment to make an election to begin contributing to the TSP. The day following the effective date of the appointment should be considered day one of this 60-day window.

Effective date of contribution election. If an employee makes a contribution election during this 60-day window, the agency must make it effective no later than the first full pay period after the election is received.

C. TSP open season

All employees covered by FERS or CSRS may make a TSP contribution election at any time during a TSP open season. This is true whether or not an employee made a TSP election associated with his or her appointment (described in B above).

Consequently, if a contribution election associated with an appointment becomes effective during a TSP open season, the employee may make another contribution election during that open season.

Effective date of contribution election. An open season election to begin or change contributions must not be made effective before the first full pay period of the election period. If the contribution election is received by the agency before the first full pay period of the election period, it must be made effective the beginning of that pay period. If the contribution election is received by the agency during the election period, it must be made effective no later than the beginning of the first full pay period after its receipt.

D. Election to terminate contributions

Elections to terminate contributions may be made at any time. If an election to terminate contributions is received during an open season, the employee may elect to resume contributions during the next open season. If, however, an election to terminate contributions is received outside an open season, the

employee may not resume contributions until the second open season following the termination.

Effective date of election to terminate contributions. Elections to terminate contributions must be made effective no later than the beginning of the first full pay period after they are received.

IV. Required Waiting Period For Agency Contributions

New FERS employees must serve the waiting period described in A below before they can receive agency contributions to their TSP accounts. FERS employees reappointed following a break in service must also serve the waiting period described in A if they had not been previously eligible to receive agency contributions. FERS employees who had been previously eligible to receive agency contributions are immediately eligible for agency contributions upon their reappointment, as discussed in B below.

A. Not previously eligible to receive agency contributions

1. An employee appointed or reappointed to a position covered by FERS who had not been previously eligible to receive agency contributions becomes eligible to receive agency contributions the second election period following the effective date of the appointment.
2. If the employee is appointed during an election period, that election period does **not** count as the first election period.
3. Examples:

- (a) Mary, who had no prior Federal service, is appointed to a position covered by FERS effective July 2, 2001. Although Mary may make a TSP contribution election immediately, she is not eligible to receive attributable Agency Matching Contributions or Agency Automatic (1%) Contributions until the first full pay period in July 2002. (Mary was appointed during the election period so that election period does **not** count as her first.)

Mary's agency must begin making Agency Automatic (1%) Contributions to her account the first full pay period in July 2002 whether or not Mary has made a contribution election. If Mary is making her own contributions, the attributable Agency Matching Contributions must also begin the first full pay period in July 2002.

- (b) Bob, who had prior Federal service from September 1980 until May 1986, is appointed to a position covered by FERS effective November 5, 2001. Although Bob may make a contribution election immediately, he is not eligible to receive attributable Agency Matching Contributions or Agency Automatic (1%) Contributions until the

first full pay period in July 2002. (Bob's prior service was before the TSP was established, so Bob had not been previously eligible to receive agency contributions.)

B. Previously eligible to receive agency contributions

1. An employee reappointed to a position covered by FERS who was previously eligible to receive agency contributions is immediately eligible to receive agency contributions. The employee has served the required waiting period under his or her former appointment.

2. Example:

Jane, who was previously eligible to receive agency contributions, is reappointed to a position covered by FERS effective August 6, 2001. Jane is immediately eligible to make a contribution election **and** to receive agency contributions to her account. Whether or not she makes a contribution election, her agency must begin making Agency Automatic (1%) Contributions for the pay period that includes August 6, 2001.

V. Agency Responsibilities

A. Appointments made during the period January 1 through June 30, 2001

If a FERS or CSRS employee who had been appointed or reappointed during the period January 1 through June 30, 2001, makes a TSP contribution election during the May 15 through July 31, 2001, open season, agencies must make the open season election effective as described in Section III.C above. In addition:

1. If the employee is a FERS employee who had **not** been previously eligible to receive agency contributions, agencies must take the actions described in paragraphs B.3(a) and B.3(b) below. Effective the first full pay period in January 2002, agencies must take the actions described in paragraph B.4(b) below.

2. If the employee is a FERS employee who had been previously eligible to receive agency contributions, agencies must take the actions described in paragraphs C.3(a) and C.3(b) below.

3. If the employee is a CSRS employee, agencies must take the actions described in paragraph D.2(a) and D.2(b) below.

B. FERS appointments made on or after July 1, 2001 — not previously eligible to receive agency contributions

Agencies must take the actions described below when they first appoint an employee to a position covered by FERS. Agencies must also take these

actions when they reappoint an employee following a break in service to a position covered by FERS who was not previously eligible to receive agency contributions.

1. Determine when the employee will become eligible to receive agency contributions and take the agency's internal action(s) to ensure that these contributions will begin on time.
2. Notify the employee of his or her eligibility to make a TSP contribution election and allow the employee 60 days from the effective date of the FERS appointment (or reappointment) to make such an election.

Provide the employee the TSP Election Form (TSP-1)² and the *Summary of the Thrift Savings Plan for Federal Employees*. The TSP Designation of Beneficiary (Form TSP-3), the pamphlet "TSP at a Glance," and the leaflet "Start on the Right Track" may also be provided.

Attachment 2 to this bulletin is a sample letter that agencies may want to adapt to notify FERS employees who were not previously eligible for agency contributions of their TSP eligibility.

3. If the employee makes a contribution election during his or her 60-day window, make it effective no later than the first full pay period after its receipt.
 - (a) Submit an Employee Data Record (06-Record) to the TSP record keeper, the National Finance Center (NFC), to establish the employee's account. The employee's status code should be "W."³
 - (b) Begin submitting Current Payment Records (16-Records) to NFC to report Employee Contributions.
4. Begin reporting agency contributions on Current Payment Records **as soon as the employee becomes eligible to receive agency contributions**.
 - (a) If the employee's account has not been established (because the employee did not make a TSP contribution election), submit an Employee Data Record to establish the account. The employee's status code should be "E." In this case, the Current Payment Records will report Agency Automatic (1%) Contributions only.
 - (b) If the employee's account is established (because the employee had already made a TSP contribution election), submit an Employee Data

² For agencies that require (or prefer) employees to make electronic contribution elections, provide the necessary information for making such electronic elections instead of Form TSP-1.

³ See Section VI of this bulletin for further information about TSP status codes and TSP status dates.

Record to reflect the employee's new TSP status code (of "Y") and TSP status date.

In this case, the Current Payment Records will report Employee, Agency Matching, and Agency Automatic (1%) Contributions. (If the employee has terminated his or her contributions, the Current Payment Records will report Agency Automatic (1%) Contributions only, and the employee's status code on the Employee Data Record should be "T.")

C. FERS reappointments made on or after July 1, 2001 — previously eligible to receive agency contributions

Agencies must take the actions described below when they reappoint an employee who was previously eligible to receive agency contributions to a position covered by FERS following a break in service.

1. Submit an Employee Data Record to NFC to establish the employee's account and begin submitting Current Payment Records (16-Records) to report Agency Automatic (1%) Contributions. The employee's status code should be "E."
2. Notify the employee of his or her eligibility to make a TSP contribution election, as described in B.2 above. Agencies may adapt the letter in Attachment 3 to notify FERS employees who were previously eligible for agency contributions of their TSP eligibility.
3. If the employee makes a contribution election during his or her 60-day window, make it effective no later than the first full pay period after its receipt.
 - (a) Submit an Employee Data Record to reflect the employee's new TSP status code ("Y") and TSP status date.
 - (b) Begin submitting Current Payment Records to report Employee, Agency Matching, and Agency Automatic (1%) Contributions.

D. CSRS reappointments made on or after July 1, 2001

Agencies must take the actions described below when they reappoint an employee following a break in service to a position covered by CSRS.

1. Notify the employee of his or her eligibility to make a TSP contribution election, as described in B.2 above. Agencies may adapt the letter in Attachment 4 to notify rehired CSRS employees of their TSP eligibility.
2. If the employee makes a contribution election during his or her 60-day window, make it effective no later than the first full pay period after its receipt.

- (a) Submit an Employee Data Record to establish the employee's account (the employee's status code should be "Y"), and
 - (b) Begin submitting Current Payment Records to report Employee Contributions.
- E. Transfers or reappointments with no break in service
- 1. When a FERS or CSRS employee transfers to a FERS or CSRS position in another Federal agency (or if the employee changes payroll offices), the employee's TSP participation must continue without interruption.
 - 2. When a former FERS or CSRS employee is reappointed to another FERS or CSRS position and the employee did not have a break in service (i.e., the employee had not been separated for more than 30 days), the employee's TSP participation must resume upon reappointment.
 - 3. If the employee had a valid contribution election on file with the losing/former agency (or payroll office), the gaining agency must use it to continue or resume the employee's TSP contributions. The employee (like all other employees) cannot make a TSP contribution election to begin or change the amount of contributions until a TSP open season.
 - 4. See TSP Bulletin 96-34, dated November 6, 1996, for more information about the actions gaining agencies must take when they appoint employees who have had no break in service.

VI. Determining TSP Status Codes and TSP Status Dates

A. TSP status code

The TSP status code as reported on the Employee Data Record reflects an employee's participation in the TSP. As a result of the implementation of P.L. 106-361, there will be six TSP status codes beginning July 1, 2001.⁴ Agencies assign these codes to FERS or CSRS employees (as described below) and report them on the Employee Data Records which they submit to NFC to establish an account or to change employee data previously submitted. (Agencies may use other codes in their internal records for TSP status as they see fit; the six codes below are the only ones that should be submitted on the Employee Data Records, however.)

- 1. "W", or waiting to receive agency contributions (**new code**). Agencies assign this status code to FERS employees who are contributing to the TSP but who are not yet eligible to receive agency contributions.

⁴ As discussed in TSP Bulletin 00-8, dated April 24, 2000, two new status codes are required to implement P.L. 106-361. Furthermore, we have determined that the status code of "N" (waived contributions) is obsolete for TSP record keeping purposes.

As soon as these employees become eligible to receive agency contributions, the agency **must** change this status code to “Y” (described in paragraph 3 below) and begin making Agency Matching and Agency Automatic (1%) Contributions.

2. “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.
3. “Y”, or yes, contributing. Agencies assign this status code to:
 - a. FERS employees who are contributing to the TSP and who must receive agency contributions.
 - b. CSRS employees when they elect to contribute to the TSP.
4. “T”, or terminated contributions. Agencies assign this status code to:
 - a. FERS employees, who must receive Agency Automatic (1%) Contributions, and who either elect to terminate their contributions, or are required to terminate their contributions because they made a financial hardship in-service withdrawal.⁵
 - b. CSRS employees who elect to terminate their contributions, or who are required to terminate their contributions because they made a financial hardship in-service withdrawal.
5. “S”, or stopped employee contributions before becoming eligible for agency contributions (**new code**). Agencies assign this status code to FERS employees who terminate their own contributions before they become eligible to receive agency contributions.

As soon as these employees become eligible to receive agency contributions, the agency **must** change this status code to “T” (described in paragraph 4 above) and begin making Agency Automatic (1%) Contributions to the employees’ accounts.

6. “I”, or ineligible. Agencies assign this status code to employees who were allowed to participate in the TSP in error (e.g., an employee covered by FICA only who was erroneously classified as a FERS employee).

B. TSP status date

The TSP status date is the date an employee attained his or her current TSP status. Agencies assign these dates to FERS or CSRS employees, as described below, and report the dates to the TSP on Employee Data Records.

⁵ See TSP Bulletin 98-26, TSP In-Service Withdrawals, dated August 12, 1998, for more information regarding the actions agencies must take when their employees receive financial hardship in-service withdrawals.

1. The TSP status date of a FERS employee coded “W” (waiting to receive agency contributions) is the date the employee’s election to begin contributing to the TSP became effective.
2. The TSP status date of a FERS employee coded “E” (eligible for agency contributions) is the first day of the first full pay period of the election period during which the employee became eligible to receive agency contributions.
3. The TSP status date of an employee coded “Y” (yes, contributing) is the effective date of the employee’s first contribution election or, in the case of a FERS employee who is contributing, the first day of the first full pay period of the election period during which the employee became eligible to receive agency contributions. The status date does not change if the employee submits a subsequent election to change the amount of his or her contributions.
4. The TSP status date of an employee coded “T” (terminated contributions) is the effective date of the employee’s election to terminate contributions or the employee’s required termination due to receipt of a financial hardship in-service withdrawal. In the case of a FERS employee who had stopped contributing before becoming eligible to receive agency contributions, it is the first day of the first full pay period of the election period during which the employee became eligible to receive agency contributions.
5. The TSP status date of an employee coded “S” (stopped employee contributions before becoming eligible for agency contributions) is the effective date of the employee’s election to terminate contributions.
6. The TSP status date of an employee coded “I” is the date that the erroneous status code is changed to “I.”



ROGER W. MEHLE
Executive Director

Attachments: Appendix
Sample letter – FERS — Not previously eligible for agency contributions
Sample letter – FERS — Previously eligible for agency contributions
Sample letter – CSRS

APPENDIX

This appendix contains additional information regarding the TSP eligibility of special groups. These groups are: (1) reemployed annuitants, (2) dual appointees, and (3) employees who elect to transfer to FERS.

I. Reemployed annuitants

For purposes of this bulletin, a “reemployed annuitant” means an individual who is rehired by the Federal Government and who continues to receive basic retirement benefits from CSRS or FERS.

- A. If a reemployed annuitant is performing service covered by FERS or CSRS (i.e., the appointment is made pursuant to 5 U.S.C. § 8468 or § 8344(a), respectively), the reemployed annuitant is eligible to participate in the TSP.

The reemployed annuitant may make contribution elections as discussed in Section III of this bulletin. Agency contributions for a FERS reemployed annuitant should begin with the effective date of the reappointment to the FERS position as discussed in Section IV.B of this bulletin.

- B. If a reemployed annuitant is not performing covered service (e.g., a FERS annuitant who is reemployed on an intermittent basis or an annuitant authorized to receive full salary and full annuity under P.L. 101-509), the reemployed annuitant is not eligible to participate in the TSP.
- C. Generally, reemployed annuitants are performing covered service. In the case of a FERS reemployed annuitant, this will be reflected in the retirement code (which indicates FERS) because the annuitant is required to have FERS deductions taken from pay.

In the case of a CSRS reemployed annuitant, however, this may not be reflected in the retirement code because the annuitant may not be required to have CSRS retirement deductions taken from pay. Consequently, the retirement code of a CSRS reemployed annuitant may be “4” (i.e., none), but the annuitant is performing service covered by CSRS and is therefore eligible to participate in the TSP.¹

¹ The Office of Personnel Management (OPM) administers CSRS and FERS. Accordingly, OPM, not the Federal Retirement Thrift Investment Board, regulates CSRS and FERS coverage, deductions, and retirement codes. Agency representatives who have questions about these issues should contact their Agency Retirement Counselor or OPM, as appropriate.

- D. See TSP Bulletin 97-12, dated March 21, 1997, for information regarding the basic pay used to determine TSP contributions of eligible reemployed annuitants.

II. Dual appointees

- A. If an employee covered by FERS or CSRS receives a second, simultaneous (dual) appointment, the employee is eligible to participate in the TSP under each appointment **if** the employee's retirement coverage continues under the second appointment. If the retirement coverage continues, the employee's TSP participation continues under the second appointment, as discussed in C below.
- B. If the employee's retirement coverage does not continue under the second appointment, the employee is not eligible to participate in the TSP under the second appointment.²
- C. When the appointments are made by two different Federal agencies or appointing authorities, the following rules apply:
 - 1. Each agency must use only the basic pay the employee earns in the respective agency to determine TSP contributions.³
 - 2. If FERS, each agency must make the required Agency Automatic (1%) Contributions to the employee's account. If, upon the second appointment, the employee is not yet eligible to receive agency contributions, the waiting period which started with the first appointment must continue with the second appointment.
 - 3. The employee must make **separate** TSP contribution elections with each agency. The second agency must allow the employee 60 days from the effective date of its appointment to make a TSP contribution election (which will be used by the second agency only). If the employee does not make an election within this time frame, the employee must wait until a TSP open season to make a contribution election that will be used by the second agency. If the employee has a contribution election on file with the first agency, only the first agency uses this election to determine Employee (and, if FERS, Agency Matching) Contributions.
- D. When the same Federal agency or appointing authority maintains the employee's personnel and pay records, the employee may not make separate TSP elections for each appointment.

² The continuation of retirement coverage is regulated by OPM under 5 C.F.R. parts 842 and 831. In most cases, the regulations require an employee's retirement coverage to continue under the second appointment.

³ See TSP Bulletin 97-12 for more information about basic pay.

III. Transfer to FERS

- A. Employees who elect to transfer to FERS are immediately eligible to receive agency contributions.

In addition, employees who elect to transfer to FERS have 30 days from the effective date of the transfer to make an election to begin or change the amount of TSP contributions.⁴ The day following the effective date of the transfer to FERS should be considered day one of this 30-day window. Employees may also make a TSP contribution election at the same time they elect to transfer to FERS. If a TSP contribution election associated with a transfer to FERS becomes effective during a TSP open season, the employee may make another contribution election during that open season.

- B. When an employee elects to transfer to FERS, the agency must take the following actions:

1. Submit an Employee Data Record to establish the account or to reflect the changed retirement code.
2. Begin submitting Current Payment Records to report the Agency Automatic (1%) Contributions or, if the employee is making his or her own contributions, contributions for all three sources.

The Agency Automatic (1%) Contributions must begin the pay period that the transfer to FERS becomes effective. If the employee is making Employee Contributions when the transfer to FERS becomes effective, the Agency Matching Contributions must also begin the pay period that the transfer becomes effective.

3. Notify the employee of the opportunity to make a TSP contribution election and provide Form TSP-1.
4. If an employee submits Form TSP-1 during this 30-day window, make it effective no later than the first full pay period after its receipt (and begin submitting employee and agency contributions accordingly). If the employee submits Form TSP-1 with the FERS Election Form, the agency must make both elections effective the same day.

⁴ The only exception to this rule is for an employee who has received a financial hardship in-service withdrawal and has not completed the required waiting period to resume contributions. In this case, the employee may make a TSP election at the later of the end of the 6-month waiting period or, if contributions were terminated before the 6-month period, the appropriate open season following that termination. See TSP Bulletin 98-26, dated August 12, 1998, for more information about this waiting period.

Please note the information in [square brackets] must be furnished by the agency as indicated. Instructions to the agency are set forth in {curly brackets}.

**SAMPLE LETTER FOR FERS APPOINTEE —
NOT PREVIOUSLY ELIGIBLE FOR AGENCY CONTRIBUTIONS**

As a result of your appointment to a position covered by the Federal Employees' Retirement System (FERS), you are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for Federal employees and is one of the three parts of FERS. (The Basic Annuity and Social Security are the other two parts.) Your TSP contributions are deducted from the pay you earn each pay period and are tax-deferred for purposes of Federal and, in most cases, state income tax.

Beginning Employee Contributions. You have 60 days from the effective date of your appointment to make an election to begin contributing to your TSP account. To make a contribution election, complete the [attached] Form TSP-1 (Election Form) and return it to [insert office name] by [insert date]. {If employees may, or must, make electronic contribution elections, revise this sentence accordingly.} You may specify a whole percentage of basic pay that you want to contribute each pay period up to [*]%, or you may specify a whole dollar amount. If you specify a dollar amount, however, this amount cannot exceed [*]% of your basic pay each pay period.

If you do not make a contribution election within this 60-day time period, you must wait until a TSP open season to make a contribution election. There are two TSP open seasons each year: May 15 through July 31 and November 15 through January 31.

Changing Employee Contributions. To change the amount you are contributing to the TSP, you must make another contribution election during a TSP open season. You may make a contribution election to stop your contributions at any time. However, if you make an election to stop your contributions outside an open season, you must skip an open season before you can resume your contributions.

Allocating contributions. You may invest your contributions in any of the five TSP investment funds. To direct the investment of the contributions which will be made to your TSP account each pay period, you must request a contribution allocation. After the TSP record keeper, the National Finance Center (NFC), notifies you that your account has been established, you may request a contribution allocation at any time.

*{Beginning in July 2001, FERS employees may contribute up to 11% of the basic pay they earn each pay period to the TSP. This will increase by 1% each year for the subsequent four years, and in 2006, the limit will be lifted and employees will be subject only to the limits of the Internal Revenue Code. Thus, for letters issued in 2001, this figure should be 11%; for 2002, this figure should be 12%, and so forth. See TSP Bulletin 01-3, dated January 23, 2001, for more information about the new contribution limits.}

To request a contribution allocation, use the TSP Web site (www.tsp.gov), the ThriftLine (504-255-8777), or Form TSP-50 (Investment Allocation). If you use the Web site or the ThriftLine, you will need your TSP Personal Identification Number (PIN), which will be included in the letter from NFC, notifying you that your account has been established. If you use Form TSP-50, you should not submit the form until you receive the letter from NFC because the form will be rejected if your account has not been established.

Until you request a contribution allocation, the contributions made to your account each pay period will be invested in the Government Securities Investment (G) Fund.

Changing the investment of your account balance. You may also use the Web, the ThriftLine, or Form TSP-50 to request an interfund transfer. An interfund transfer will change the investment of your account balance (i.e., money already in your account). Please note that an interfund transfer is different from a contribution allocation, which changes only the investment of future contributions to your account. If you want to change the investment of both your account balance and future contributions to your account, you must request both an interfund transfer and a contribution allocation.

You may request an interfund transfer at any time. However, interfund transfers are only processed once a month and affect your account balance as of the end of the relevant month.

Receiving agency contributions. Effective the first full pay period in [insert relevant month and year], the [insert agency name] will begin making agency contributions to your TSP account each pay period. Whether or not you are contributing your own money, you will begin receiving Agency Automatic (1%) Contributions each pay period which will equal 1% of the basic pay you earn for the pay period. If you are making Employee Contributions, you will also begin receiving Agency Matching Contributions to your TSP account. The first 3% that you contribute each pay period will be matched dollar for dollar, and the next 2% that you contribute will be matched 50 cents on the dollar.

Your agency contributions will be invested according to the contribution allocation on file with the TSP on the date the contributions are posted to your account.

Additional information. The [attached] booklet *Summary of the Thrift Savings Plan for Federal Employees* contains detailed information about the TSP. It discusses participation and contribution rules, investment options, loans, withdrawals, and other important TSP information (e.g., designating TSP beneficiaries). Please read this booklet before you make a TSP contribution election and retain it for future reference.

For additional information about the TSP investment funds and the processing of investment requests (contribution allocations and interfund transfers), see the *Guide to TSP Investments*, which is available from this office or from the TSP Web site, www.tsp.gov.

Attachment 2

All TSP products and forms are available from the TSP Web site. This site also contains other information about the TSP and, when you enter your TSP PIN, allows you to obtain information about your account. You may want to visit the site before you make a contribution election.

Questions. If you have any questions about the TSP and your participation, contact [insert agency contact and other information, as appropriate.]

[Attachment: *Summary of the Thrift Savings Plan for Federal Employees*]

Superseded

Please note the information in [square brackets] must be furnished by the agency as indicated. Instructions to the agency are set forth in {curly brackets}.

**SAMPLE LETTER FOR FERS APPOINTEE —
PREVIOUSLY ELIGIBLE FOR AGENCY CONTRIBUTIONS**

As a result of your appointment to a position covered by the Federal Employees' Retirement System (FERS), you are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for Federal employees and is one of the three parts of FERS. (The Basic Annuity and Social Security are the other two parts.) Your TSP contributions are deducted from the pay you earn each pay period and are tax-deferred for purposes of Federal and, in most cases, state income tax.

Beginning Employee Contributions. You have 60 days from the effective date of your appointment to make an election to begin contributing to your TSP account. To make a contribution election, complete the [attached] Form TSP-1 (Election Form) and return it to [insert office name] by [insert date]. {If employees may, or must, make electronic contribution elections, revise this sentence accordingly.} You may specify a whole percentage of basic pay that you want to contribute each pay period up to [*]%, or you may specify a whole dollar amount. If you specify a dollar amount, however, this amount cannot exceed [*]% of your basic pay each pay period.

If you do not make a contribution election within this 60-day time period, you must wait until a TSP open season to make a contribution election. There are two TSP open seasons each year: May 15 through July 31 and November 15 through January 31.

Changing Employee Contributions. To change the amount you are contributing to the TSP, you must make another contribution election during a TSP open season. You may make a contribution election to stop your contributions at any time. However, if you make an election to stop your contributions outside an open season, you must skip an open season before you can resume your contributions.

Allocating contributions. You may invest your contributions in any of the five TSP investment funds. To direct the investment of the contributions which will be made to your account each pay period, you must request a contribution allocation. You may request a contribution allocation at any time by using the TSP Web site (www.tsp.gov), the ThriftLine (504-255-8777), or Form TSP-50 (Investment Allocation). If you use the Web site or the ThriftLine, you will need your TSP Personal Identification Number (PIN).

* {Beginning in July 2001, FERS employees may contribute up to 11% of the basic pay they earn each pay period to the TSP. This will increase by 1% each year for the subsequent four years, and in 2006, the limit will be lifted and employees will be subject only to the limits of the Internal Revenue Code. Thus, for letters issued in 2001, this figure should be 11%; for 2002, this figure should be 12%, and so forth. See TSP Bulletin 01-3, dated January 23, 2001, for more information about the new contribution limits.}

Attachment 3

Until you request a different contribution allocation, your contributions will be invested according to the last contribution allocation on file with the TSP.

Changing the investment of your account balance. You may also use the Web, the ThriftLine, or Form TSP-50 to request an interfund transfer. An interfund transfer will change the investment of your account balance (i.e., money already in your account). Please note that an interfund transfer is different from a contribution allocation, which changes only the investment of future contributions to your account. If you want to change the investment of both your account balance and future contributions to your account, you must request both an interfund transfer and a contribution allocation.

You may request an interfund transfer at any time. However, interfund transfers are only processed once a month and affect your account balance as of the end of the relevant month.

Receiving agency contributions. Whether or not you are contributing your own money, you will receive Agency Automatic (1%) Contributions to your account each pay period which will equal 1% of the basic pay you earn for the pay period. If you are making Employee Contributions, you will also receive Agency Matching Contributions to your TSP account. The first 3% that you contribute each pay period will be matched dollar for dollar, and the next 2% that you contribute will be matched 50 cents on the dollar.

Your agency contributions will be invested according to the contribution allocation on file with the TSP on the date the contributions are posted to your account.

Additional information. The [attached] booklet *Summary of the Thrift Savings Plan for Federal Employees* contains detailed information about the TSP. It discusses participation and contribution rules, investment options, loans, withdrawals, and other important TSP information (e.g., designating TSP beneficiaries). Please read this booklet before you make a TSP contribution election and retain it for future reference.

For additional information about the TSP investment funds and the processing of investment requests (contribution allocations and interfund transfers), see the *Guide to TSP Investments*, which is available from this office or from the TSP Web site, www.tsp.gov.

All TSP products and forms are available from the TSP Web site. This site also contains other information about the TSP and, when you enter your TSP PIN, allows you to obtain information about your account. You may want to visit the site before you make a contribution election.

Questions. If you have any questions about the TSP and your participation, contact [insert agency contact and other information, as appropriate.]

[Attachment: *Summary of the Thrift Savings Plan for Federal Employees*]

Please note the information in [square brackets] must be furnished by the agency as indicated. Instructions to the agency are set forth in {curly brackets}.

SAMPLE LETTER FOR CSRS REHIRE

As a result of your appointment to a position covered by the Civil Service Retirement System (CSRS), you are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for Federal employees and is a supplement to CSRS. Your TSP contributions are deducted from the pay you earn each pay period and are tax-deferred for purposes of Federal and, in most cases, state income tax.

Beginning Employee Contributions. You have 60 days from the effective date of your appointment to make an election to begin contributing to your TSP account. To make a contribution election, complete the [attached] Form TSP-1 (Election Form) and return it to [insert office name] by [insert date]. {If employees may, or must, make electronic contribution elections, revise this sentence accordingly.} You may specify a whole percentage of basic pay that you want to contribute each pay period up to [*]%, or you may specify a whole dollar amount. If you specify a dollar amount, however, this amount cannot exceed [*]% of your basic pay each pay period.

If you do not make a contribution election within this 60-day time period, you must wait until a TSP open season to make a contribution election. There are two TSP open seasons each year: May 15 through July 31 and November 15 through January 31.

Changing Employee Contributions. To change the amount you are contributing to the TSP, you must make another contribution election during a TSP open season. You may make a contribution election to stop your contributions at any time. However, if you make an election to stop your contributions outside an open season, you must skip an open season before you can resume your contributions.

Allocating contributions. You may invest your contributions in any of the five TSP investment funds. To direct the investment of the contributions which will be made to your account each pay period, you must request a contribution allocation by using the TSP Web site (www.tsp.gov), the ThriftLine (504-255-8777), or Form TSP-50 (Investment Allocation). If you use the Web site or the ThriftLine, you will need your TSP Personal Identification Number (PIN).

*{Beginning in July 2001, CSRS employees may contribute up to 6% of the basic pay they earn each pay period to the TSP. This will increase by 1% each year for the subsequent four years, and in 2006, the limit will be lifted and employees will be subject only to the limits of the Internal Revenue Code. Thus, for letters issued in 2001, this figure should be 6%; for 2002, this figure should be 7%, and so forth. See TSP Bulletin 01-3, dated January 23, 2001, for more information about the new contribution limits.}

If you have never participated in the TSP, the TSP record keeper, the National Finance Center (NFC), will notify you when your account is established and this notification will include your TSP PIN. Any time after you receive this notification, you may request a contribution allocation. Until you request a contribution allocation, your contributions will be invested in the Government Securities Investment (G) Fund.

If you participated in the TSP under a prior appointment, you may request a contribution allocation at any time (because your account has already been established). Until you request a different contribution allocation, the contributions made to your account each pay period will be invested according to the last contribution allocation on file with the TSP.

Changing the investment of your account balance. You may also use the Web, the ThriftLine, or Form TSP-50 to request an interfund transfer. An interfund transfer will change the investment of your account balance (i.e., money already in your account). Please note that an interfund transfer is different from a contribution allocation, which changes only the investment of future contributions to your account. If you want to change the investment of both your account balance and future contributions to your account, you must request both an interfund transfer and a contribution allocation.

You may request an interfund transfer at any time. However, interfund transfers are only processed once a month and affect your account balance as of the end of the relevant month.

Additional information. The [attached] booklet *Summary of the Thrift Savings Plan for Federal Employees* contains detailed information about the TSP. It discusses participation and contribution rules, investment options, loans, withdrawals, and other important TSP information (e.g., designating TSP beneficiaries). Please read this booklet before you make a TSP contribution election and retain it for future reference.

For additional information about the TSP investment funds and the processing of investment requests (contribution allocations and interfund transfers), see the *Guide to TSP Investments*, which is available from this office or from the TSP Web site, www.tsp.gov.

All TSP products and forms are available from the TSP Web site. This site also contains other information about the TSP and, when you enter your TSP PIN, allows you to obtain information about your account. You may want to visit the site before you make a contribution election.

Questions. If you have any questions about the TSP and your participation, contact [insert agency contact and other information, as appropriate.]

[Attachment: *Summary of the Thrift Savings Plan for Federal Employees*]