

Summary of Postal Bulletin Updates May 1989 to June 1996

Note that changes are cumulative. Numbering of a section may be modified by a change made subsequently.

1. Overall Revisions

Addresses, PEN numbers, and form titles have been updated. Addresses have also been reformatted to reflect machine readability standards.

2. Specific Revisions

Substantive changes published in *Postal Bulletin* articles are marked with vertical bars in the margins or printed in bold type in tables and certain exhibits.

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590 Thrift Savings Plan

591 **Overview**

591.1 **Description**

The Thrift Savings Plan is a retirement savings and investment plan for federal employees. It was authorized by Congress in the Federal Employees' Retirement System Act of 1986. The plan is administered by an independent government agency, the Federal Retirement Thrift Investment Board, whose sole purpose is to operate the plan for the benefit of the participants. Policies and regulations of the board are controlling in the event of conflict with the information contained in this subchapter.

591.2 **Open Season**

Open season is the period during which employees may make an election with respect to the Thrift Savings Plan (TSP).

- a. There are two open seasons each year.
- b. Each open season lasts for 2 and 1/2 months with the election period being the last month of the open season.
- c. Open seasons are from May 15 through July 31 and from November 15 through January 31.

591.3 **Eligibility to Contribute**

591.31 **General**

All career employees are permitted to contribute to the TSP. The earliest date career employees may begin contributing is determined by their date of employment.

591.32 **New Career Employees**

A career employee is eligible to begin contributing to TSP beginning with the second open season after the career appointment. An employee who is hired during an open season, but before the election period, has the current open season counted as one of the required two. For example:

- a. Career employees hired from January 1 through June 30 are first eligible to contribute to the TSP effective the Open Season from the following November 15 through January 31.
- b. Career employees hired from July 1 through December 31 are first eligible to contribute to the TSP effective the Open Season from the following May 15 through July 31.

591.33 **Rehired Employees**

A career employee who is reemployed and who was eligible to contribute to the TSP during the previous employment may begin contributing the first open season after being reemployed. An employee rehired to a career

position who was not eligible to contribute during the previous employment is treated as a new employee. For example:

- a. Previously eligible employees rehired as career from January 1 through June 30 may begin contributing that July.
- b. Previously eligible career employees rehired from July 1 through December 31 may begin contributing that January.

591.34 **Reemployed Annuitants**

591.341 **Eligibility**

Both CSRS and FERS reemployed annuitants may begin contributing the first open season after they are reemployed. This is true regardless of the type of reemployment. Even if the reemployed annuitant is placed in a noncareer position, he or she may still contribute to the Thrift Savings Plan beginning the first open season after reemployment.

591.342 **Contributions**

Contributions made by a reemployed annuitant are based on the basic salary for the position prior to the required reduction for the annuity she or he is receiving.

591.4 **Permitted Actions**

During an open season an eligible employee may submit an election to:

- a. Begin contributions,
- b. Change the dollar amount or percentage of current contributions,
- c. Reallocate current contributions to different investment funds (FERS employees only),
- d. Reallocate TSP account balance to different investment funds (FERS employees only; the ability to reallocate is restricted until 1996. See 593.22.)
- e. Terminate contributions.

591.5 **Elections**

591.51 **Form Required**

To submit an election an eligible employee must complete Form TSP-1, Election Form, and submit it to the personnel office during an open season.

591.52 **Number Permitted**

Except for an election to terminate contributions, an employee may make only one election during an open season.

591.53 **Effective Dates**

Elections, other than terminations, are effective no sooner than the first day of the first full pay period in the election period, and no later than the first day of the first pay period after submission during the election period.

591.54 **Election Period**

The election period is the last calendar month of an open season and is the earliest period during which an election, other than a termination, can become effective.

591.55 **Belated Elections**

If it is determined that an employee was unable for reasons beyond the employee's control to make an election within the time limits, she or he may make an election within 30 calendar days after such determination. The belated election is effective the first pay period after the personnel office accepts the election form.

591.6 **CSRS Transfers to FERS**

A CSRS employee who transfers to FERS is permitted 30 days from the effective date of the transfer to submit a TSP election. The election becomes effective immediately upon submission, but no sooner than the effective date of the transfer to FERS.

591.7 **Booklets**

Open Season booklets must be made available to all eligible employees upon request.

592 **Contributions**

592.1 **Basic Pay**

All contributions to the TSP are based on basic pay. Basic pay does not include cost-of-living adjustments (COLA, TCOLA), overtime pay, night differential, allowances, any premium pay, or lump-sum terminal leave payments. Basic pay does include higher level pay.

592.2 **Contribution Rates**

Contributions must be made in whole percentages or whole dollar amounts. If the percentage or dollar amount chosen exceeds the pay available for a pay period, no TSP deductions will be made that pay period. If the elected dollar amount exceeds the maximum percentage allowed on the basic pay for a given pay period, the maximum allowable percentage will be deducted.

592.3 **Maximum Contribution Rates**

592.31 **FERS Employees**

A FERS employee may contribute a percentage of basic pay up to a maximum of 10 percent or a whole dollar amount which does not exceed 10 percent of basic pay. Contributions are withheld each pay period.

592.32 **CSRS Employees**

A CSRS employee may contribute a percentage of basic pay up to a maximum of 5 percent or a whole dollar amount which does not exceed 5 percent of basic pay. Contributions are withheld each pay period.

592.4 **Automatic Contributions**

592.41 **FERS Employees**

The Postal Service automatically contributes an amount equal to 1 percent of the employee's basic salary every pay period. This contribution starts the first pay period in the first election period that the employee is eligible to contribute and is made even if the employee chooses not to contribute. The employee's salary is not affected by this automatic contribution.

592.42 **CSRS Employees**

There is no automatic contribution for CSRS employees.

592.5 **Matching Contributions**

Employee Contributions	USPS Contributions (Includes Automatic)	Total Contributions
0%	1%	1%
1%	2%	3%
2%	3%	5%
3%	4%	7%
4%	4.5%	8.5%
5%	5%	10%
Over 5%	5%	5% Plus Employee Contribution

592.51 **FERS Employees**

The Postal Service matches employee contributions on a dollar for dollar basis up to the first 3 percent the employee contributes. The next 2 percent the employee contributes is matched at the rate of \$.50 for every \$1 the employee contributes. (See 592.5 for total contribution rates for FERS employees.)

592.52 **CSRS Employees**

There are no matching contributions for CSRS employees.

592.6 **Vesting of Contributions**

592.61 **CSRS Employees**

Employees are immediately vested in their own contributions and all earnings attributable to these contributions.

592.62 **FERS Employees**

- 592.621 Employees are immediately vested in their own contributions, the matching contributions and the earnings attributable to these contributions.
- 592.622 Employees are vested in the automatic 1 percent contribution after attaining 3 years of creditable civilian service as determined by their Thrift Savings Plan Service Computation Date. Employees who die in service are considered automatically vested in the automatic 1 percent contributions.
- 592.623 Employees on the rolls between 1/1/84 and 12/31/86 who were automatically converted to FERS on 1/1/87 received a 1 percent retroactive contribution for that time frame and were immediately vested in the retroactive contribution.

592.7 **Maximum Contribution Amount**

No employee, regardless of salary, may contribute more than \$7,313 in 1988 to the TSP. This amount is adjusted annually by the Internal Revenue Service based on cost-of-living changes.

592.8 **Taxes**

592.81 **Federal Income Taxes**

All contributions to the TSP are made on a before-tax basis. The money contributed to the plan is not included when federal income taxes are calculated.

592.82 **State Income Taxes**

The majority of the states which have income taxes also consider contributions to the TSP on a before-tax basis. Whether TSP contributions are tax deferred is determined by the law of the state where the employee resides.

592.9 **Employees on LWOP**

Since an employee on leave without pay (LWOP) for an entire pay period does not have any basic salary, there are no contributions to the TSP, including the 5 percent contribution.

Exception: Employees on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees are permitted to make contributions to the TSP. The allowable contributions are based on the basic pay with the Postal Service and must be withheld from pay by the organizations paying them. The organizations make the decision whether or not to make the 1 percent contribution and matching contributions for FERS employees.

593 **Investments**

593.1 **Funds Available**

TSP is composed of three funds; Government Securities Investment Fund (G Fund), Fixed Income Index Investment Fund (F Fund), and the Common Stock Index Investment Fund (C Fund):

- a. *G Fund.* This fund consists of special issues of U.S. Government securities. All investments earn interest at a rate which is equal, by law, to the average of interest yields on U.S. Treasury marketable securities outstanding with 4 or more years to maturity.
- b. *F Fund.* This fund is a bond-index fund invested primarily in U.S. Treasury, federally sponsored agency, and corporate notes and bonds. It is intended to duplicate the performance of the commingled Shearson Lehman Government/ Corporate bond index fund. The Bond index, which contains several thousand bonds, is designed to measure the performance of the major bond markets in the United States. Several hundred companies in many different industries are represented in the index.
- c. *C Fund.* This fund consists almost entirely of investments in virtually all of the common stocks included in the Standard and Poor's 500 stock index. The index includes 500 companies whose stocks are traded in the United States stock markets. The fund is intended to duplicate the performance of the Standard and Poor's 500 stock index.

593.2 **Investment Options**

593.21 **CSRS Employees**

These employees must invest their entire account in the G Fund.

593.22 **FERS Employees**

These employees may invest their account in any or all of the three funds. However, by law, there is a restriction on how much of their account may be invested in the C and F funds through 1996. The percentages that may be invested in the C and F funds and the year they apply are shown below.

Percentage Available for Investment in C and F Funds		
Year	Employee Contribution	USPS Contribution
1987	0%	0%
1988	20%	0%
1989	40%	0%
1990	60%	0%
1991	80%	0%
1992	100%	0%
1993	100%	20%

Percentage Available for Investment in C and F Funds		
Year	Employee Contribution	USPS Contribution
1994	100%	40%
1995	100%	60%
1996	100%	80%
1997	100%	100%

593.23 **Changing Investments**

FERS employees may change their investments only during an Open Season.

593.3 **Participant Statements**

593.31 **Frequency**

Every employee who has a TSP account receives a participant statement every 6 months. The statement will normally be sent approximately 30 days prior to an election period.

593.32 **Contents**

The participant's statement contains current information on the balance in the account and a summary of the activity in the account during the previous 6-month period. It also provides information such as the rates of return for the various funds for the statement period. Specific information includes:

- a. Name.
- b. Social Security number.
- c. Beginning and ending balance.
- d. The amount of principal and earnings in each fund by source of contributions.
- e. An itemization of all transactions affecting the account during the covered period.

593.33 **Distribution**

Participants receive a statement directly from the Federal Retirement Thrift Investment Board. Statements are mailed to the participant's address of record with the Postal Service. Active employees may change their address only by submitting Form 1216, *Employee's Current Mailing Address*, to their personnel office.

593.34 **Transactions**

593.341 **Types of Transactions**

The statement will show the following types of transactions, whenever applicable.

- a. Contributions.

- b. Earnings.
- c. Withdrawals.
- d. Forfeitures.
- e. Loan Activity.
- f. Transfers Between Funds.
- g. Adjustments.

593.342 **Information Concerning Transactions**

The following information concerning each transaction will also be shown.

- a. Pay period transaction occurred.
- b. Investment fund affected.
- c. Source of contributions.
- d. Amount of the transaction.

594 **Adjustments**

594.1 **Responsibility**

The Postal Service is responsible for correcting any improper or erroneous TSP withholding. An adjustment may be made to an employee's TSP account only if it is covered by these procedures.

594.2 **Elections Not Processed**

594.21 **Reason Beyond Employee Control**

When an employee fails to enroll, or is delayed in enrolling, or making changes to a previous election for reasons beyond the employee's control, but not because of any Postal Service action, the personnel office may accept a belated election. The belated election is effective the first pay period after the personnel office accepts the election form. No retroactive contributions are permitted for any pay periods prior to the effective date of the election.

594.22 **Administrative Error**

If an election form is turned in by an employee during an open season and for whatever reason not processed on time, the election must be processed retroactively as soon as the administrative error is discovered. The appropriate adjustment is then processed.

594.3 **Overdeductions**

594.31 **Correction**

In cases where the nonprocessing of an election form, or the incorrect processing of an election form, results in an overdeduction of contributions, the correct election must be processed via DDE/DR immediately with the same effective date as the original error.

594.32 **Form 2240**

A Form 2240, *Pay, Leave, or Other Hours Adjustment Request*, must be completed upon correction of the overdeduction. The form is used to request that all excess contributions be returned to the employee. A Form 2240 must be processed in all cases when the overdeduction was due to the incorrect or nonprocessing of an election form. Excess contributions are not permitted to remain in an employee's TSP account. At the time the excess contributions are returned to the employee, they will be subject to normal income taxes.

594.33 **Amount of Adjustment**

The employee will receive the full amount that was overdeducted even if the adjustment involves the C and/or F fund, and there has been an investment loss. If the full amount is not refunded, the employee may file a claim. (See 594.8.)

594.34 **Earnings**

Any earnings which may have been posted to the employee's account as a result of the excess contributions will remain in the account unless the refund of excess contributions has the effect of liquidating the account.

594.4 **Underdeductions**

594.41 **Correction**

In those instances where the nonprocessing of an election form or the incorrect processing of an election form results in an underdeduction, the correct election must be processed immediately via DDE/DR with the same effective date as the election containing the error.

594.42 **Form 6886, Thrift Savings Plan Request for Retroactive Contributions**

Subsequent to correction of the error a Form 6886, *Thrift Savings Plan Request for Retroactive Contributions*, must be prepared. Form 6886 must be prepared in all instances of underdeductions even if the employee does not wish to make retroactive contributions.

594.43 **Preparation**

The personnel office prepares a Form 6886 after the correction of the administrative error. It must be completed with the employee's name, Social Security number, and finance number, as well as the total pay periods in which the administrative error occurred, what percentage or amount was in error and the correct percentage or amount that is now being deducted. Personnel must then calculate the estimated total amount of the underdeduction and enter it on the form. Once all of these items have been completed, the original of the form is sent to the employee while personnel retains a copy pending return of the form from the employee.

594.44 **Decision**

The employee decides whether retroactive contributions will be made. All retroactive contributions must be made through payroll deductions. The employee is required to make a decision within 30 days of receipt of the form. If an employee does not return the form within 30 days, that individual forfeits the right to make retroactive contributions.

594.45 **Disposition**

594.451 **No Return of Form 6886**

If the employee does not return the Form 6886 within 30 days, personnel officials (1) annotate the copy "No Reply Within 30 Days — No Action Taken" and (2) files the form in the employee's OPF.

594.452 **No Retroactive Contributions**

An employee who chooses not to make retroactive contributions simply checks the appropriate block, signs the form, and returns it to personnel where the form is certified and filed in the employee's OPF as a permanent record.

594.453 **Retroactive Contributions**

An employee who wishes to make the retroactive contributions chooses the number of pay periods over which deductions will be made. The minimum number of pay periods for retroactive contributions is one. The maximum number of pay periods is four times the number of pay periods over which the error occurred. Whenever multiple pay periods are involved, the retroactive contributions will be in equal amounts each pay period. In no instance may anything less than the full amount of the adjustment be deducted. The employee cannot elect to have deductions made for a portion of the period that was in error.

594.46 **Processing**

594.461 Upon receipt of a signed Form 6886 requesting retroactive contributions, the personnel office reviews the form, signs and dates it, and forwards the original to the PDC address on the form. Retain and file a copy in the employee's OPF.

594.462 The PDC verifies that the amount on the form is correct. If the estimated total deduction entered by the personnel office is incorrect, the Form 6886 will be returned to personnel indicating the correction. The employee must be notified, and the correction must be annotated on the form in the OPF. Return the corrected Form 6886 to the PDC for processing if the employee still wishes to make retroactive contributions.

594.463 If the employee has insufficient wages to withhold the full amount for the pay period, no deductions will be made. These periods will not count against the number that was chosen to make up the retroactive contributions. When the employee has sufficient wages again, the deduction will begin automatically and will continue until the full amount has been withheld.

594.464 If the retroactive contributions would cause the current year's contributions to exceed the annual established limit (\$7,313 in 1988), the deductions that

exceed this amount will be suspended in the current year and will automatically begin in the next calendar year.

- 594.465 If there is insufficient net pay to make all the TSP deductions, the regular TSP deduction will take precedence over the employee's retroactive contributions.
- 594.466 A FERS employee who is underdeducted and has no current election must be allowed to complete an election form for the sole purpose of designating which fund(s) will receive the retroactive contribution. If the employee does not make an election, the retroactive contributions will be designated to the G fund. A copy of this election must be attached to Form 6886 when it is sent to the PDC.
- 594.467 Once the retroactive deductions have begun, the employee may choose to terminate the deduction. However, the decision to terminate is irrevocable. A Form 6886 must be prepared showing the employee's decision to terminate the retroactive deductions. Personnel then signs and dates the form, and sends it to the PDC. A copy of the Form 6886 terminating the deductions is attached to the Form 6886 in the OPF which requested the retroactive contributions.
- 594.468 If an employee transfers to another agency, the new agency must be advised of the error. If the new agency advises that the employee elects to make retroactive contributions, or to continue contributions that had begun before the transfer, the PDC must be notified via Form 2240.

594.5 **Erroneous Retirement System**

Whenever an action is processed correcting an employee's retirement system from CSRS to FERS or from FERS to CSRS, the employee is permitted to complete a new election form(s) in the same manner as if the erroneous classification had not occurred. If the error spanned more than one election period, the employee may elect to participate, change amounts or distributions, or terminate coverage according to the rules pertaining to the relevant open season. The procedures for underdeductions and overdeductions must be followed. Only the most current election form is entered at the DDE/DR site. A copy of all applicable election forms must be attached to Form 6886 or Form 2240 when it is sent to the PDC.

594.6 **Back Pay Awards**

594.61 **General Rule**

An employee receiving a back pay award must be made whole with respect to participating in the TSP. The procedures in 594.62 and 594.63 must be followed when processing back pay awards.

594.62 **Erroneous Separation**

The employee may elect participation or termination of elections in the same manner as though the separation had not occurred. The most current election form must be processed at the DDE/DR site to begin or terminate withholdings when the employee is returned to the rolls. When the back pay

claim is sent to the PDC, a copy of the election form(s) must be included. The PDC will compute the TSP amount and withhold it from the back pay award to the extent it does not exceed the established annual limit (\$7,313 in 1988). The USPS contributions will be computed as appropriate.

594.63 **Continuous Service**

Employees who receive a back pay adjustment who were not separated from service, will receive an adjustment for contributions only if they had previously elected coverage and had designated a percentage. The adjustment will be processed automatically.

594.7 **Claim Procedure**

594.71 **General Rule**

If there is a dispute between the findings of the Postal Service relating to an employee's entitlement to retroactive contributions, or the amount refunded as a result of an administrative error was less than the amount previously withheld, the employee may file a claim for correction with the Personnel Office.

594.72 **Review of Claim**

All employee claims must be reviewed to determine whether the claim relates to an error made by the Postal Service or by the Federal Retirement Thrift Investment Board. If the claim relates to Board errors, the claim must be sent within 10 days of receipt to the

THRIFT SAVINGS PLAN SERVICE OFFICE
NATIONAL FINANCE CENTER
PO BOX 61500
NEW ORLEANS LA 70161-1500.

The employee must be advised of the referral.

594.73 **Postal Service Decision**

When the claim relates to the Postal Service, the personnel office must provide the employee with a decision within 30 days. If the decision is to deny the claim, the denial must be in writing and must contain the following information:

- a. The reason for the denial, with references,
- b. A description of any additional material or information necessary to approve the claim with an explanation of why it is necessary,
- c. Steps to be taken if the employee wishes to appeal the decision.

594.74 **Employee Appeal Rights**

The employee may appeal the denial, in writing, within 30 days after receipt of the decision, to the appropriate Field Director, Human Resources, or designee. Under no circumstances may the designee be the same individual who originally denied the claim.

594.75 **Final Decision**

The final decision must be made, in writing, within 30 days after receipt of the employee's appeal. There is no administrative appeal of the Postal Service's final decision. Since all administrative remedies have been exhausted, the employee is eligible to file suit in the appropriate federal district court upon receipt of the Postal Service's final decision, or within 30 days of submission of the employee's appeal, if no final decision has been issued.

594.76 **Time Limitation**

An employee wishing to submit a claim under this section must do so within 1 year of receipt of the Earnings Statement reflecting the error, or 1 year of the close of the first election period following receipt of the Thrift Savings Plan Participant Statement reflecting the error, whichever comes first. The time limit does not apply to Postal Service initiated corrections.

595 **Termination of Contributions**

595.1 **Definition**

A termination is an election by an employee who is already contributing to the TSP to stop contributions.

595.2 **Submissions**

Employees may submit Form TSP-1, *Election Form*, to terminate contributions at any time.

595.3 **Effective Date**

Elections to terminate contributions are effective no later than the first day of the first pay period beginning after the date the election form is submitted to personnel.

595.4 **Subsequent Elections**

595.41 **Submitted During Open Season**

An employee who terminates a contribution during an open season may make an election to begin contributing again during the next open season.

595.42 **Submitted Other Than Open Season**

If employees terminate their contributions at any time other than an open season, they may not contribute to TSP again until the second open season following the termination.

595.43 **Effective Date for Subsequent Elections**

The following table shows the earliest date when contributions may resume following an election to terminate. Elections are always effective no sooner than the first full pay period in the election period. While the chart shows January 1 and July 1, the actual date will be the beginning of the first full pay period in that month. Open seasons are listed separately.

Effective Date of Termination	Resume Contributions
February 1–May 14	January 1
May 15–July 31	January 1
August 1–November 14	July 1
November 15–January 31	July 1

596 **Loans**

596.1 **Eligibility**

All current employees who have at least \$1,000 of their own contributions and associated earnings in their TSP account may apply for loans.

596.2 **Types of Loans**

596.21 **Purchase of a Primary Residence**

A primary residence can be a house, condominium, unit in a cooperative housing corporation, townhouse, houseboat or house trailer as long as it is the principal residence.

596.22 **Educational Expenses**

Educational expenses include tuition, fees, room, board, books, and supplies for the employee, spouse, or dependents at an educational institution.

596.23 **Medical Expenses**

Medical expenses cover items that would be eligible for deduction for federal income tax purposes.

596.24 **Financial Hardship**

Financial hardship covers immediate and heavy financial needs for which other financial resources are not reasonably available.

596.3 **Applications**

596.31 **TSP-20, Thrift Savings Plan Loan Application**

This form is provided to any eligible employee who requests it. The employee is responsible for completing the form and submitting it to the TSP Service Office.

596.32 **Documentation**

The documentation required varies with the type of loan requested by the employee. An employee who completes and submits TSP-20 to the TSP Service Office will receive a Loan Agreement. The Loan Agreement includes instructions for documenting the specific loan requested.

596.4 **Interest**

596.41 **Rate**

The interest rate charged on the loan will be the rate on the Government Securities Investment Fund (G Fund) for the month when the application is received. The interest rate will be shown on the Loan Agreement the employee receives from the TSP Service Office.

596.42 **Guarantee**

The interest rate is guaranteed for 45 days. If the TSP Service Office does not receive the signed Loan Agreement within that time frame, the application is cancelled.

596.43 **Duration**

Once the Loan Agreement is signed and received by the TSP Service Office within the established time frames the interest rate is fixed for the life of the loan.

596.44 **Payment**

The interest paid by an employee on the loan is paid into the employee's TSP account.

596.45 **Taxes**

Because the interest paid by the employee is paid into the employee's TSP account, the interest is not tax-deductible.

596.5 **Restrictions**

596.51 **Amounts**

596.511 The minimum an eligible employee can borrow is \$1,000.

596.512 The maximum an eligible employee can borrow is limited to the employee's own contributions and associated earnings with a fixed limit of \$50,000.

596.52 **Duration**

596.521 The minimum length of a loan is 1 year.

596.522 The maximum length for a nonresidential loan is 4 years. The maximum length for a residential loan is 15 years.

596.53 **Collateral**

The employee is not required to put up any property or other security for a loan.

596.54 **Basic Pay Test**

When employees apply for a loan, they are required to show that they will have at least 10 percent of their basic pay left each pay period after the loan payment is made. Employees will be required to submit copies of their most recent earnings statements to the TSP Service Office for this purpose.

596.55 **Number of Loans**

Employees may have two outstanding loans at any time. However, they may have only one residential loan and one financial hardship loan at a time.

596.6 **Loan Repayment**

Loans must be repaid in substantially equal installments through automatic payroll deductions. Employees who wish to repay their loans in full must contact the TSP Service Office which will supply them with the full repayment amount. Employees then pay the full amount directly to the TSP Service Office, which will notify the Postal Service to end the automatic deduction. No partial direct payments are permitted.

596.7 **Additional Information**

The booklet, TSPBK 04, *Thrift Savings Loan Program*, contains additional information and should be provided to vested employees interested in the loan program.

596.8 **Verification of Participant's Account**

Employees who wish a verification of their TSP account balance for a financial institution should have the financial institution write to:

THRIFT SAVINGS PLAN SERVICE OFFICE
CLIENT LIAISON AND COUNSELING SECTION
NATIONAL FINANCE CENTER
PO BOX 61502
NEW ORLEANS LA 70161-1500.

The request must include the participant's name, Social Security number, date of birth, and the participant's signature authorizing the release of the information. The financial institution should enclose a self-addressed, stamped envelope.

597 **Withdrawal of Funds**

597.1 **Eligibility**

TSP is a long-term savings program designed to provide retirement income. Even though employees may be vested, they cannot withdraw funds while still federal employees. Funds may be withdrawn only upon retirement, separation, or death.

597.2 **Separations Other Than Retirement**

597.21 **Less Than Five Years of Civilian Service**

Individuals who separate with less than 5 years of civilian service may transfer the entire vested balance in their accounts to an IRA (Individual Retirement Account) or another eligible retirement plan that will accept such a transfer. No taxes are due until the money is withdrawn from the IRA or eligible retirement plan.

597.22 **Five or More Years of Civilian Service**

Individuals who separate with 5 or more years of civilian service are entitled to a deferred annuity from the basic retirement plan. This entitlement provides employees with additional options concerning the withdrawal of their TSP accounts even though they may choose to withdraw their retirement contributions and forego a deferred annuity from either CSRS or FERS basic. These options are:

- a. Transfer vested balance to IRA or other qualified retirement plan.
- b. Receive a life annuity. A life annuity is a monthly benefit paid to the former employee, for life. Payments may begin immediately or may be deferred until a later date. Taxes must be paid upon receipt of the annuity.
- c. Receive a lump sum or a series of equal payments. These payments may not begin until former employees reach the age at which they would become eligible for an annuity. They must wait until this age even though they may have withdrawn their basic contributions and are no longer eligible for a deferred annuity.

597.3 **Retirement**

Employees who separate on an immediate retirement, either optional or disability, may withdraw their vested account balances in a number of ways:

597.31 **IRA**

Transfer balance to an IRA or another qualified retirement plan.

597.32 **Lump Sum**

Receive a lump sum or a series of equal payments. Retirees may receive an immediate payment of the entire vested balance in the account. They may also choose to receive the account balance in equal monthly installments over a period of years. Retirees may postpone receiving their account but must begin receiving benefits no later than April 1 of the year following the year in which they become 70 1/2 years of age.

597.33 **Receive a Life Annuity**

In order to receive a life annuity retirees must have a minimum vested balance of \$3,500. The annuity may begin immediately at retirement or these individuals may defer receiving the annuity. The annuity must begin no later than April 1 of the year following the year in which the retiree becomes 70 1/2 years of age.

597.34 **Types of Annuities**

Among the types of life annuities available are:

- a. Single life annuity with level payments.
- b. Single life annuity with increasing payments.
- c. Joint and survivor annuity with level payments.
- d. Joint and survivor annuity with increasing payments.

Specifics concerning available annuities are contained in the booklet, TSPBK 05, *Thrift Savings Plan Annuities*.

597.4 **Death**

597.41 **Prior to Separating**

597.411 If an employee dies while still employed, the balance in the TSP account is distributed in accordance with Form TSP-3, Designation of Beneficiary. If no designation of beneficiary is on file, the account is distributed in accordance with the order of precedence required by law:

- a. To the widow or widower;
- b. If none, to the child or children;
- c. If none, to the parents or parent;
- d. If none, to the appointed executor or administrator of the estate;
- e. If none, to the next of kin who is entitled under the laws of the state in which the employee was living at the time of death.

597.412 If the employee dies after completing 18 months of creditable civilian service, and there is a qualified court order on file with the Thrift Investment Board, a former spouse would be entitled to a survivor annuity based on the court order.

597.42 **After Separation**

Any remaining balance is paid in the same manner as in 597.41 unless an annuity was purchased, in which case benefits are provided according to the annuity contract.

597.5 **Spousal Rights**

597.51 **Notification Requirements**

In the case of a FERS or CSRS participant who separates with less than five years of creditable civilian service, the current and former spouse(s) will be notified by the Thrift Investment Board of the participant's decision to withdraw the money in the account. In the case of a CSRS participant who is eligible for immediate or deferred retirement, the Thrift Investment Board will notify the current spouse of the participant's decision with regard to the account balance.

597.52 **Consent Requirement**

In the case of a FERS participant eligible for immediate or deferred retirement, the current spouse must consent to the choice of a withdrawal option if it is anything other than a joint and spouse annuity.

597.53 **Waiver of Requirements**

If a participant cannot locate the current/former spouse, or exceptional circumstances make it impossible to obtain the current spouse's consent to a withdrawal decision, the participant may ask the Executive Director of the Thrift Investment Board to waive the notice or consent requirements.

Exceptional circumstance waivers will be granted only if there is a court order on which to base the waiver.

597.6 **Required Forms**

597.61 **Personnel Office**

When a vested employee separates, retires, or dies, a Form TSP-18, *Validation of Retirement Information*, must be completed by personnel and submitted to the TSP Service Office. The Form TSP-18 is submitted no sooner than the actual separation date.

597.62 **Transfer Account to IRA**

The separating employee must be given Forms TSP-6, *Statement Regarding Spouse*; TSP-7, *Election of Benefits*; TSP-13, *Designation of an Eligible Retirement Plan*; TSP-14, *Joint Waiver of Spouse's Annuity*; and TSP-16, *Request for a Waiver of Notice to Spouse or Waiver of Spouse's Consent*. The employee is responsible for completion and submission of the appropriate forms to the TSP Service Office.

597.63 **Withdraw Account in One or More Installments**

The separating employee must be given Forms TSP-6; TSP-7; TSP-9, *Change of Address*; TSP-12, *Application for Equal Payment*; TSP-14, *Joint Waiver of Spouse's Annuity*; TSP-15, *Change in Marital Status*; and the TSP-16. The employee is responsible for completion and submission of the appropriate forms to the TSP Service Office.

597.64 **Purchase an Annuity**

The separating employee must be given Forms TSP-6; TSP-7; TSP-9; TSP-11, *TSP Annuity Benefits*; TSP-14; TSP-15; and TSP-16. The employee is responsible for completion and submission of the appropriate forms to the TSP Service Office.

597.65 **Death**

Employees who die are considered automatically vested in any 1 percent automatic contribution that was made to their accounts. The personnel office must contact either the designated beneficiary listed on Form TSP-3, *Designation of Beneficiary*, or the individual eligible for benefits in the standard order of precedence. The eligible survivor must receive Form TSP-17, *Application for Account Balance of Deceased Participant*, to complete and return, with a certified copy of the death certificate, to the personnel office. Upon receipt of the completed TSP-17 and a certified copy of the death certificate, the personnel office forwards the information to the TSP Service Office.

597.7 **Additional Information**

The booklet TSPBK 02, *Withdrawing Your TSP Account Balance*, contains additional information concerning participant's options. This booklet must be provided to every separating or retiring employee who has a vested balance

in the Thrift Savings Plan. Individuals interested in purchasing an annuity should also be given TSPBK 05, *Thrift Savings Plan Annuities*.

597.8 **Return to Federal Service**

If an individual reenters government service after separating or retiring with a vested balance, the following applies:

- a. *Forfeited Balance.* Any amount that was forfeited as a result of the previous separation remains forfeited.
- b. *Civilian Service.* Prior periods of civilian service that are still creditable are added to the current period to determine vesting.
- c. *Withdrawing Fund in Equal Installments.* If the individual is receiving equal installments from TSP, the installment will stop upon reemployment.
- d. *Receiving an Annuity.* If the individual is receiving an annuity, it will continue upon reemployment.

598 **Court Orders**

598.1 **Types**

The Federal Retirement Thrift Investment Board will recognize a court order that either directs participants to pay child support or alimony out of their TSP accounts, or awards a portion of the participants' retirement benefits to their former or separated spouses, as follows:

- a. *Child Support or Alimony.* The money in a participant's TSP account is subject to court orders that direct the participant to make child support and/or alimony payments. The automatic 1 percent in a FERS employee's account is not subject to a court order unless it is nonforfeitable. The automatic 1 percent becomes nonforfeitable once an employee has completed 3 years of creditable civilian service. When the Board receives any such order, the TSP will make payments according to the court order until payments are scheduled to stop or until the money in the participant's TSP account is exhausted.
- b. *Retirement Benefits.* If a valid court order expressly states that participant's retirement benefits under the TSP are to be divided between the participant and a former or separated spouse, the Board will comply with that order. In accordance with the court order, when the participant becomes eligible for retirement benefits, the TSP will make payments directly to the former or separated spouse unless the court order expressly instructs otherwise.

598.2 **Notification**

The Board will notify participants of any court orders received against their accounts. The Board will also inform participants of its decision regarding such court orders and, if applicable, give them information about how to appeal.

598.3 **Effect on Withdrawal Options**

A participant's choice of a withdrawal option cannot conflict with the provisions of a valid court order. If there is a court order on file with the Board and the participant selects an option which cannot be processed because of the court order, the participant will be notified and asked to make another choice.

598.4 **Effect on Loans**

A qualifying court order may restrict the employee's ability to receive a loan. The TSP reviews each court order individually to determine its effect.

598.5 **Address**

Qualified court orders must be submitted directly to the
FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
805 15TH ST NW 5TH FL
WASHINGTON DC 20005-2211.