

Dear New Hire,

Congratulations on joining the Federal Retirement Thrift Investment Board (FRTIB). This position is covered by the Federal Employees' Retirement System (FERS), and as a result you have been automatically enrolled in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for federal employees and is similar to "401(k)" plans available to many private sector employees. The purpose of the TSP is to provide you the opportunity to participate in a long-term retirement savings and investment plan. The TSP is one of the three parts of the FERS retirement program; the FERS Basic Annuity and Social Security are the other two parts.

Automatic Enrollment

The amount of your automatic contribution to the TSP is 5% of your basic pay, which will be deposited into your TSP account every pay period. These contributions are deducted from your pay and are tax-deferred (i.e., traditional) for purposes of federal and, in most cases, state income tax. In addition, the FRTIB will deposit Agency Matching Contributions in the amount of 4%. Plus, you will also receive an Agency Automatic (1%) Contribution that is equal to 1% of your basic pay. All totaled, with your contributions and those from FRTIB, the equivalent of 10% of your basic pay will be deposited into your TSP account each pay period. You can also elect to make Roth contributions, which are taxed up front. Roth contributions are tax-free when withdrawn, and Roth earnings also become tax-free after certain Internal Revenue Code (IRC) requirements are met. See the paragraphs, Employee Contributions and Agency Contributions for more information.

Stop Automatic Enrollment

If you do not wish to contribute to your TSP account you can request to stop the automatic enrollment process. To stop the automatic enrollment process before any contributions are deducted from your pay you must complete Form TSP-1, Election Form, and immediately turn it in during your in-processing. If you stop your contributions you are not eligible to receive Agency Matching Contributions. You will still receive the Agency Automatic (1%) Contributions. Also, it is possible that payroll may not be able to stop your first contribution to the TSP. If this happens, you can leave the contribution in your TSP account or you can make a request to the TSP to return your contribution. To request a refund of your contribution, read the paragraph titled Refund of Automatic Enrollment Contributions.

Transfer from Another Federal Agency

If you transferred from another federal agency and were making contributions to the TSP at the time of transfer, your contributions will continue to be deducted at the previously elected rate / amount. Although your previous election will be entered upon appointment, you may still change or stop your TSP election, and if you were not previously contributing, you may elect to contribute to the TSP at any time.

Rehired with a Break in Service of 30 Days or Less

If you are rehired or transferred into a position covered by FERS, and your break in service from

your last covered position is 30 days or less, the FRTIB will reinstate your prior TSP election. You will not become automatically enrolled in the TSP; however, you may change or stop your TSP election, and if you were not previously contributing, you may elect to contribute to the TSP at any time.

Employee Contributions

You may elect to increase, decrease, or stop your contributions to your TSP account at any time. To make a contribution election complete the TSP-1 Election Form (included with your new hire paperwork) and return it to the Human Resources Division. You may specify the amount of traditional (pre-tax) and/or Roth (after-tax) contributions by entering **either** a whole percentage of basic pay per pay period **or** a whole dollar amount per pay period for each type of contribution you elect. Whether you specify a percentage or dollar amount of your pay, your total contributions for the year cannot exceed the IRC elective deferral limit for the year. The limit for 2020 is \$19,500. Your contribution election will remain in effect until you make another election to change the amount of your contributions or to stop them. If you reach the IRC limit before the end of the year, the TSP cannot accept additional contributions and as a result you will not receive the Agency Matching Contributions for the remaining pay dates in the year. The TSP has a [contribution calculator](#) on its website to assist you in maximizing your employee and Agency Matching Contributions each year.

Agency Contributions

Because you have been automatically enrolled in the TSP, effective your first pay period, the FRTIB will begin making Agency Matching Contributions to your TSP account. Even if you stop contributing your own money, the FRTIB will make Agency Automatic (1%) Contributions that 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% of pay 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. As a result of your automatic enrollment, you are contributing 5% of your pay and receiving Agency Matching Contributions of 4%.

Your employee contributions of 5% receives the Agency Matching Contributions of 4% each pay period. This means the equivalent of 10% of your basic pay will be saved toward your retirement each pay period (5% your Employee Contribution + 4% Agency Matching Contributions + 1% Agency Automatic Contribution = **10%** in your TSP account). Your agency contributions will also be invested according to your contribution allocation on file with the TSP on the date the contributions are posted to your account.

Catch-Up Contributions

If you are age 50 or older or will turn age 50 by the end of this year, you may make an additional election to contribute catch-up contributions. This is a separate election that will authorize the FRTIB to deduct additional TSP contributions, traditional and/or Roth, from your pay. To make catch-up contributions complete the Form TSP-1-C, Catch-up Contribution Election Form, and return it to HR. You must elect a whole dollar amount from your basic pay each pay date.

The maximum amount you may contribute in catch-up contributions for 2020 is \$6,500. This is in addition to the amount you may contribute through the regular TSP election discussed earlier. You will not receive Agency Matching Contributions on the amount you elect to contribute through catch-up contributions. Your catch-up contribution election will remain in effect either until you meet the limit, make another election to change the amount of or stop your contributions, or until the

last pay date of the calendar year, whichever comes first. *You must make a new election to contribute catch-up contributions each year.*

Refund of Automatic Enrollment Contributions

You may request a refund of the employee contributions that was deducted from your pay during the first 90 days that you were automatically enrolled. To do so you must send Form TSP-25, Automatic Enrollment Refund Request, to the TSP using the address on the form and it must be received by the TSP no later than 90 days from the date of your first contribution. Do NOT return the form to the FRTIB. Note that if you change the amount of your contributions or start making Roth contributions within your first 90 days, any subsequent contributions will not be eligible for refund. If you were previously employed by the federal government and were automatically enrolled, you are not eligible for a refund of the automatic enrollment contributions for subsequent periods, unless one full calendar year (January through December) has passed since your last automatic enrollment contribution (visit the TSP website for more details). The amount of your refund will be your automatically withheld employee contributions and any gains or losses from the performance of your investment(s). The Agency Automatic (1%) Contributions and their earnings will remain in your TSP account; you will forfeit any Agency Matching Contributions and their earnings (unless you leave your contributions in the TSP). Requesting a refund of your automatic enrollment contributions will not stop future contributions from being deducted from your pay. You must complete Form TSP-1, Election Form, and return it to FRTIB.

Establishing Your TSP Account

Your TSP account will be established when the FRTIB submits your first contributions. Once your account is established the TSP will send three separate mailings to you: (1) a TSP Welcome Letter, which includes your TSP account number; (2) your TSP Web password; and (3) your ThriftLine Personal Identification Number (PIN). Along with your Welcome Letter, you will receive the TSP booklet *Managing Your Account*, which provides valuable information on TSP investment options, making a contribution allocation, requesting an interfund transfer, and how to designate beneficiaries. If you already have an established TSP account from previous federal service, and you did not withdraw all of your money while you were separated, you will receive the Welcome Letter only. You should continue to use the PIN and password originally mailed to you. If you have forgotten or misplaced them, use the TSP website or the ThriftLine to request new ones. If you withdrew your entire balance while separated, you will receive the Welcome Letter and a new PIN and password. If you have or had a TSP uniformed services account, your federal civilian account is a separate account and you will receive all of the above mailings.

Contribution Allocations

Your first contribution will be invested in the Government Securities Investment (G) Fund. After receiving your TSP Welcome Letter you may invest your contributions in any of the fifteen TSP funds by requesting a contribution allocation. You cannot request a contribution allocation until your TSP account has been established. The information to request a contribution allocation will be provided with your TSP Welcome Letter. **Note:** If you have an existing TSP account balance from previous federal civilian service your contributions will be invested using your last contribution allocation on file with the TSP.

Interfund Transfers

Interfund transfers allow you to redistribute your TSP account balance among the fifteen TSP funds by requesting an interfund transfer. You will not be able to request an interfund transfer until your

TSP account has been established. The instructions to request an interfund transfer will be provided with your TSP Welcome Letter.

Additional Information

To find additional information about the TSP, visit the TSP website at <https://www.tsp.gov/>. If you have any questions about the TSP and your participation contact HRD@tsp.gov.