

THRIFT SAVINGS PLAN PARTICIPATION

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal employees. Congress established the TSP in the Federal Employees Retirement System (FERS) Act of 1986. The purpose of the TSP is to provide retirement income. The TSP offers Federal employees the same type of savings and tax benefits that many private corporations offer their employees under "401(k)" plans. TSP regulations are published in title 5 of the Code of Federal Regulations, Parts 1600-1690, and are periodically supplemented and amended in the Federal Register.

The TSP is a defined contribution plan. The retirement income that you receive from your TSP account will depend on how much you (and the agency, for FERS employees) have contributed to the TSP account during your working years, plus the earnings on those contributions. The earlier you begin to contribute, the better. Employees covered by both the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS) can contribute to the TSP. TSP benefits are in addition to your FERS or CSRS annuity.

Contributions to the TSP account are voluntary and are separate from contributions to the FERS or CSRS retirement fund. For FERS employees, the Government will contribute to your TSP account each pay period, an amount equal to 1% of your basic pay. This is called the agency automatic 1% contribution, and happens regardless of whether you contribute your own money or not. In addition, FERS employees who contribute up to 5% of their own money will receive agency matching contributions. The first 3% of pay contributed is matched dollar-for-dollar; the next 2% is matched at 50 cents on the dollar. Thus, the full agency match is 4%, for a total agency contribution of 5% when the agency automatic 1% is added in. Any amount a FERS employee contributes over 5% is not matched. However, the entire amount contributed is in "before-tax" dollars, reducing your taxable income.

For FERS employees, TSP is an integral part of your retirement package, along with the FERS basic annuity and Social Security. For CSRS employees, contributing to TSP will supplement the CSRS annuity.

As of 07-05-2009, FERS employees are no longer required to serve a waiting period before becoming eligible to receive agency contributions. If you were hired between 12-01-2008 and 07-04-2009, you will start to receive agency contributions with the pay period beginning 07-05-2009. If you were hired on or after 07-05-2009, you will immediately receive agency contributions.

If you stop making regular employee contributions, or if you reach the Internal Revenue Service (IRS) annual maximum before the end of the year, agency matching contributions will **stop**. You will, however, continue to receive the agency automatic 1% contribution.

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