

Thrift Savings Plan

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for federal employees. It offers federal civilian employees the same type of savings and tax benefits that many private corporations offer their employees under 401(k) plans. The IRS limits the amount of your contribution per year to \$15,000 (this amount is subject to change annually).

There are three sources of TSP contributions:

- Employee Contribution
- Agency Automatic (1%) Contributions
- Matching Contributions

Employee Contribution

There are two types of employee contributions

- Regular employee contributions
- Catch-up contributions

Regular Employee Contributions: These are payroll deductions eligible employees can make from basic pay before taxes are withheld. You can begin making these contributions at any time.

Catch-up Contributions: These are payroll deductions that participants who are age 50 or older may be eligible to make **in addition to** regular employee contributions. These deductions are also taken from before-tax basic pay. To be eligible to make catch-up contributions, you must already be contributing the maximum amount of employee contributions. Once you are eligible, you can begin making catch-up contributions at any time.

Agency Automatic (1%) Contributions

If you are a FERS employee, your agency will contribute an amount equal to one percent of the basic pay you earn each pay period to your account. These contributions are called Agency Automatic (1%) Contributions. To get these contributions, you do not need to be making employee contributions. However, new FERS employees (and rehired FERS employees who were not previously eligible for agency contributions) must serve a waiting period before becoming eligible for agency contributions. See the chart for more information on the eligibility dates for these contributions. Agency Automatic (1%) Contributions are not taken out of your pay; nor do they decrease the dollar amount of your pay for income tax or Social Security purposes.

Vesting: Agency Automatic (1%) Contributions are subject to "vesting." You become "vested" in (that is, entitled to keep) these contributions and any earnings they accrue only after you have completed a time-in-service requirement — which is 3 years. *All federal civilian service* counts toward vesting — not just service while you are a TSP participant.

Matching Contributions

FERS employees receive matching contributions from their agencies on their regular employee contributions as soon as they become eligible for agency contributions. If you are a FERS participant, you receive Matching Contributions on the first five percent of pay that you contribute each pay period. The first three percent of pay that you contribute will be matched dollar-for-dollar; the next two percent will be matched at 50 cents on the dollar. Contributions above five percent will not be matched. If you stop making regular employee contributions, your Matching Contributions will also stop. Like Agency Automatic (1%) Contributions, Matching Contributions are not taken out of your pay. They also do not increase the dollar amount of your pay for income tax or Social Security

purposes. Combined with the Agency Automatic (1%) Contribution, they can add as much as five percent of basic pay to your TSP account. (See the chart below.)

CSRS participants do not receive matching contributions. There are no matching contributions for catch-up contributions.

Eligibility Dates for Agency Automatic
and Matching Contributions

If your FERS employment begins:
pay period of:

Your agency contributions will begin the 1st full

06/1/07 - 11/30/07

12/1/07 - 05/31/08

06/1/08 - 11/30/08

June 2008

December 2008

June 2009

For more information on the TSP visit www.tsp.gov