



Thrift Savings Plan

Withdrawing Your TSP Account After Leaving Federal Service

July 2004

**Federal Retirement
Thrift Investment Board**

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Introduction

This booklet describes the Thrift Savings Plan (TSP) withdrawal options available to **all** separated participants — Federal civilian employees and members of the uniformed services.¹ If you are still employed and want access to the money in your TSP account, you should read the booklets *TSP Loan Program* and *TSP In-Service Withdrawals*.

Participants with **both a civilian and a uniformed services TSP account** should apply the information in this booklet to each account **separately**.²

As a separated participant, you have a number of choices with regard to your TSP account: If you are less than 70½ years old and are not ready to withdraw your account, you may leave it in the TSP and make a withdrawal decision later. You also may be able to withdraw part of your account in a single payment. If you wish to withdraw your entire account balance, you can choose to receive it as a single payment, a series of monthly payments, a life annuity, or any combination of these options (a “mixed withdrawal”).

You can have the TSP transfer all or a part of a single payment or, in some cases, a series of monthly payments, to a traditional IRA or eligible employer plan.

The **Thrift Savings Plan Service Office** is your contact regarding your TSP account after you leave service:

TSP Service Office
National Finance Center
P.O. Box 61500
New Orleans, LA 70161-1500

The TSP Service Office can answer questions about your account and can send you TSP withdrawal materials to supplement the Withdrawal Package provided to you by your agency or service when you separated.

¹ The Floyd D. Spence National Defense Authorization Act for 2001 (Public Law 106-398) extended participation in the TSP to members of the uniformed services. For TSP purposes, the uniformed services include members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration, as well as members of the Ready Reserve, including the National Guard.

² Participants who are both Federal civilian employees and members of the uniformed services (i.e., as members of the Ready Reserve) may have an account related to each type of employment and will thus have two separate accounts. If such a participant separates from one type of employment, he or she may withdraw the TSP account related only to that employment.

Submit your withdrawal forms directly to the TSP Service Office. To reach the Service Office, call the TSP ThriftLine at 1-TSP-YOU-FRST (1-877-968-3778) or the TDD at 1-TSP-THRIFT5 (1-877-847-4385). Outside the U.S. and Canada, please call 1-504-255-8777.

The **TSP Web site, www.tsp.gov**, provides current TSP booklets, forms, fact sheets, and tax notices. As a separated participant, with your Social Security number (SSN) and four-digit TSP Personal Identification number (PIN) you can begin (or in some cases complete) a withdrawal request on the Web site. (**Note:** Your ability to complete a withdrawal request on the Web will depend on your retirement system, your marital status, the option(s) you choose, and whether you are transferring any of your withdrawal to a traditional IRA or an eligible employer plan.) You can also find out your current account balance, request (or check the status of) an interfund transfer, change your name, update your address, and check the status of your withdrawal request.

In addition, you can use the **ThriftLine** for a number of purposes. The ThriftLine is an automated telephone service for participants which provides current account information 24 hours a day, 7 days a week. After you have applied to withdraw your TSP account, you can call the ThriftLine to find out if your withdrawal is ready to be paid or if payment has been made. Call the ThriftLine from a touch-tone telephone. You will need your SSN and your TSP PIN.

If you do not know your TSP PIN, you can request a new one from the Account Access section of the TSP Web site, from the ThriftLine, or from the TSP Service Office.

This **Withdrawal Booklet** consists of three sections:

- *Section I, Leaving Your Money in the TSP*, tells you what you need to know if you decide to leave your account in the TSP after separating from service.
- *Section II, Withdrawing Your TSP Account*, explains your withdrawal options and tells you how to apply for the option you want.
- *Section III, Special Considerations*, describes rules that affect withdrawals for certain participants.
 - If you are a FERS³ participant with fewer than 3 years of Federal service, read “Vesting Requirements,” page 8.

³ FERS refers to the Federal Employees’ Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans.

- If your vested account balance is less than \$200, read “Automatic Cashout of Small Accounts,” page 8.
- If you are a married participant whose vested account balance is more than \$3,500, read “Spouses’ Rights,” page 9.
- If you are nearing age 70 ½, read “Required Minimum Distributions,” on page 10.
- If you have a uniformed services and a civilian TSP account, read “Combining a Uniformed Services and a Civilian TSP Account,” page 10.
- If your account is subject to a court order, read “Court Orders,” page 10.
- If you want to know how your account is distributed after you die, read “Death Benefits,” page 11.
- If you anticipate being rehired by the Federal Government or rejoining the uniformed services, read “Withdrawal Rules for Rehired Participants,” page 12.

I. Leaving Your Money in the TSP

When you separate, you can leave your entire account balance in the TSP if it is \$200 or more. Your account will continue to accrue earnings and you can continue to change the way your money is invested in the five TSP investment funds by making interfund transfers. You can make an interfund transfer at any time. (The most efficient way to make an interfund transfer is by using the TSP Web site or the ThriftLine, described on page 1. Alternatively, you may mail Form TSP-50 or TSP-U-50,⁴ Investment Allocation, to the TSP Service Office. Because the Investment Allocation form is designed to be optically scanned, it is available only from agency personnel offices, service TSP representatives, and the TSP Service Office.)

In addition, if you leave your money in the TSP, **you can transfer funds into the TSP from a traditional IRA or an eligible employer plan.** (See page 6, footnote 7, for definitions.) **Note:** The TSP will not accept funds that are not subject to income tax from a traditional IRA or an eligible employer plan, or tax-exempt funds from a uniformed services TSP account if you are combining it into your civilian TSP account.

⁴ Forms for civilian TSP participants are identified by the prefix “TSP-” followed by the form number. Forms related to uniformed services TSP accounts are identified by the prefix “TSP-U-” before the form number. The only exception is Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts, which is used to combine the participant’s civilian and uniformed services accounts after separating.

In order to transfer funds into the TSP, you must have an open TSP account and you cannot be receiving monthly payments from it. Use Form TSP-60 or TSP-U-60, Request for a Transfer Into the TSP, which is available from the TSP Web site or the TSP Service Office. The transfer will be considered an employee contribution and will be distributed among the TSP investment funds according to your most recent contribution allocation request on file. You can make a contribution allocation on the TSP Web site or the ThriftLine, or by completing Form TSP-50 or TSP-U-50, Investment Allocation.

The funds that are transferred into the TSP are subject to all the rules that apply to all TSP employee contributions, such as those pertaining to spouses’ rights.

If you have both a uniformed services and a civilian TSP account when you separate, you can combine the accounts into one, provided you are not receiving monthly payments from the remaining account. Read “Combining a Uniformed Services and a Civilian TSP Account” on page 10 for more information.

If your account balance in the TSP account related to your separation is less than \$200, cashout rules will apply to that account. (See “Automatic Cashout of Small Accounts,” page 8.)

When you are ready to choose a withdrawal option, you can get a copy of the current tax and withdrawal information from the TSP Web site. If you do not want to initiate your request on the Web site, you can download the withdrawal forms or request them from the TSP Service Office. Submit Form TSP-70 or TSP-U-70, Request for Full Withdrawal, or Form TSP-77 or TSP-U-77, Request for Partial Withdrawal When Separated, as described on page 4.

Limitations on Leaving Your Money in the TSP

Contributions, loans, and in-service withdrawals.

You cannot make additional contributions to your account after you separate (other than transfers from traditional IRAs, eligible employer plans, or another TSP account), and you cannot borrow from your account or make an in-service withdrawal. If you have an outstanding loan at the time you separate, it must be repaid or a taxable distribution will be declared. Until the loan is disposed of, you cannot make a withdrawal.

Required withdrawal date. You are required to withdraw your account balance in a single payment, begin receiving monthly payments, or begin receiving annuity payments by April 1 of the **later of:**

- the year following the year you become age 70 ½, or

- the year following the year you separate from Federal service or the uniformed services.

Note: In order for you to receive annuity payments by April 1, your annuity must be purchased no later than March 1.

The TSP will notify you before your required withdrawal date and mail you important tax information about your TSP withdrawal, as well as information about IRS minimum distribution requirements.

If you do not make a withdrawal election by the required deadline, your TSP account must be paid to you in the form of an annuity, as required by law. If you do not provide the necessary information for the TSP to purchase an annuity for you (and your spouse, if applicable), or if you cannot be located, your account will be declared abandoned and it will be forfeited to the TSP. You may reclaim your account later and make an appropriate election, but you will receive no earnings from the date your account was declared abandoned. When you reclaim your account, you must make a full withdrawal. If you are married and your account balance is over \$3,500, spouses' rights will apply to the spouse to whom you were married at the time of your required withdrawal date.

Note: If you are 70½ or older in the year you separate, you may make a partial withdrawal of your account through December of that year. However, you must select a withdrawal option for the balance before April 1 of the following year.

Reporting Changes in Personal Information

Until your TSP account is completely withdrawn, you must keep the TSP informed of any changes in your mailing address and other personal information maintained by the TSP. Otherwise, you may not receive your participant statement and other important mailings, including checks. You should also inform the TSP of any address change through January following the year your account is closed, so that you will receive tax reporting information.

Before you separate, your agency or service is responsible for updating your personal information for your TSP account. After separating, *you* must report changes to your personal information. You can make these changes through the TSP Web site (you will need your SSN and TSP PIN). You may also complete the applicable form and send it to the TSP Service Office as follows:

- **To change your address**, submit Form TSP-9 or TSP-U-9, Change of Address for Separated Participant.

- **To change your name**, submit Form TSP-15 or TSP-U-15, Change in Name for Separated Participant.

You can also report a change of address and/or name for your TSP account by writing to the TSP Service Office; your dated and signed letter must contain your Social Security number and your date of birth, which will be used to identify your account. Your letter should also state whether you are reporting a change of address and/or name for a civilian or a uniformed services TSP account. **Note:** If you submit withdrawal forms, your new address on the forms will automatically update your TSP account information.

If you have both a civilian and a uniformed services TSP account, you must submit a separate request to change your address or name for each account (e.g., if you are separated from both civilian employment and the uniformed services, submit Form TSP-9 to change your address for your civilian TSP account; submit Form TSP-U-9 if the change of address applies to your uniformed services TSP account.) Alternatively, access each account separately on the Web site and make the changes there. If you are still employed, your agency or service must change your address for the account relating to your employment.

II. Withdrawing Your TSP Account

This section tells you how to withdraw your account, explains your withdrawal options, and summarizes the tax consequences of the options. It also tells you how to change your withdrawal election. If you have both a civilian and a uniformed services TSP account, you should keep in mind that the withdrawal rules apply to each account **separately**.

Requesting Your Withdrawal

What your agency or service must do. When you separate, your agency or service is required to give you a TSP Withdrawal Package, which contains the forms you will need to make a withdrawal and the tax notice "Important Tax Information About Payments From Your TSP Account." (If you did not receive the package, you can obtain this material from the TSP Web site or the TSP Service Office, or you can contact your former personnel office or service TSP representative.)

Your agency or service must also notify the TSP that you have separated and provide the date of your separation. The agency or service ordinarily provides this information to the TSP at the time it pays the last paycheck to a separated employee or service member. In most cases, this will be between two and four weeks after the actual date of separation. *The TSP cannot*

process your withdrawal until your agency or service reports this information.

What the TSP Service Office will do. When information about your separation is received (and your account balance is \$200 or more), the TSP Service Office will send you current account and withdrawal information and a tax notice (unless the TSP has already received a withdrawal election from you). If you do not receive this material within 60 days after separating, contact your former agency or service to make sure it has reported your separation to the TSP.

If you have an outstanding TSP loan at the time your agency or service reports your separation, the TSP Service Office will notify you about closing the loan. *An outstanding loan will delay your withdrawal* because you cannot withdraw the account until you have repaid the loan in full or until the loan has been declared a taxable distribution. (For more information, see the booklet *TSP Loan Program*, available from the TSP Web site, your agency personnel office, or your service.)

What you should do. Read this Withdrawal Booklet and the tax notice “Important Tax Information About Payments From Your TSP Account.” When you are ready to withdraw, use the TSP Web site or the paper form that applies to the type of withdrawal you would like (i.e., use Form TSP-70 or Form TSP-U-70, Request for Full Withdrawal, to withdraw your entire account balance; or Form TSP-77 or Form TSP-U-77, Request for Partial Withdrawal When Separated, to request a portion of your account).

- If you are requesting a full withdrawal of your account, you must choose the method(s) by which you would like your account paid out: a single payment, monthly payments, a life annuity, or any combination of these options (a mixed withdrawal).
- If you are requesting a partial withdrawal of your account, you must ask for an amount of \$1,000 or more. Partial withdrawals are paid only as a single payment. (**Note:** If you made an age-based in-service withdrawal while you were still employed, you are not eligible for a partial withdrawal.)
- If you want to have the TSP transfer all or any part of your single payment or certain monthly payments to a traditional IRA or an eligible employer plan (see page 6, footnote 7, for definitions), you and the financial institution must complete the transfer portion of the withdrawal form. (**Note:** If you are initiating your request on the Web, you will have to print out your partially completed form and have your IRA trustee or plan

administrator complete the relevant information **before** you send the completed form to the TSP Service Office.)

- If you would like the TSP to send any portion of your single or monthly payments (that are not transferred to a traditional IRA or an eligible employer plan) to your checking or savings account electronically as a direct deposit (also referred to as Electronic Funds Transfer or EFT), you must provide your financial institution’s routing number, as well as the account number to which you would like your funds sent.
- If you are married and making a full withdrawal, requirements for a survivor annuity (FERS and uniformed services) or a spousal notice (CSRS)⁵ apply. A spouse of a FERS employee or uniformed service member can waive his or her right to the prescribed annuity, but the spouse’s signature must be notarized. (See “Spouses’ Rights,” page 9.)
- If you are married and making a partial withdrawal, requirements for spousal consent (FERS and uniformed services) or spousal notice (CSRS) apply — regardless of the amount you are requesting or your account balance.
- If you have both a civilian and a uniformed services TSP account and would like to combine the accounts, complete Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts.

When submitting a form to the TSP Service Office, whether you are manually filling out a paper form or have printed out your partially completed withdrawal form from the Web, make sure your forms are complete and correct before you mail them. **Do not change or cross out any of the preprinted information** on a form that you printed from the Web; otherwise, it may not be accepted for processing. Keep a copy of the form for your records. Mail completed forms to the TSP Service Office.

The timing of your withdrawal. You should allow several weeks between the time that you submit your completed request and the time that payment is received. You can check the Web site or call the Thrift-Line to find out the status of your withdrawal, including whether payment has been made. The TSP will also notify you in writing when payment has been

⁵ CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

made. Your withdrawal could take longer if your agency or service delays in reporting your separation, if you have an outstanding TSP loan, or if you submit forms that are not properly completed. If you are using the Web to request a withdrawal, you will not be allowed to begin the withdrawal unless your TSP record indicates that you are separated and that you have no outstanding loans.

The effect of a delay is that account balances invested in the Common Stock Index Investment (C) Fund, Fixed Income Index Investment (F) Fund, Small Capitalization Stock Index Investment (S) Fund, and International Stock Index Investment (I) Fund will be subject to market risk longer than you may have expected. If you do not want to incur this risk, you may request an interfund transfer to invest your account in the Government Securities Investment (G) Fund at the time you request your withdrawal. To request an interfund transfer, use the TSP Web site, the ThriftLine, or Form TSP-50 (or TSP-U-50), Investment Allocation, which you can obtain from the TSP Service Office.

Your Withdrawal Options

You have the following withdrawal options after leaving Federal service:

Partial Withdrawal —

- Receive part of your account in a single payment, leaving the remainder in the TSP to be withdrawn later (using one of the other three withdrawal options).

Full Withdrawal —

- Receive your entire account in a single payment
- Receive your entire account in a series of monthly payments
- Have the TSP purchase a life annuity for you with your entire account balance

You can also withdraw your entire account using any combination of the above three full withdrawal options. This is called a “mixed withdrawal.”

You can request an immediate withdrawal (i.e., to be paid after your separation from service is confirmed by your agency or service) or you can remain in the TSP until a later date. If you separate at age 70½ or later, see “Limitations on Leaving Your Money in the TSP,” page 2. In addition, you can have the TSP transfer all or part of a single payment or, in some cases, a series of monthly payments, to a traditional IRA or an eligible employer plan. (See “Transferring Your Withdrawal,” page 6.) Any single or monthly payment (or part of them) that is not transferred can be sent by

direct deposit to your savings or checking account at your financial institution. (See “Depositing Your Payment(s) Electronically,” page 7.)

Make sure you understand the withdrawal options and their tax consequences before you submit your request. You will not have an opportunity to change your request once it is processed. (See “Taxes on TSP Payments,” page 7, and “Changing Your Withdrawal Election,” page 7.)

Note: If your account balance is less than \$5.00 when you leave service, the TSP will automatically forfeit the balance to the Plan. Your quarterly participant statement will advise you that the balance was forfeited and tell you how to reclaim that money if you wish.

Partial Withdrawal

You can make a one-time-only withdrawal of part of your TSP account and leave the rest in the TSP until a later date. You cannot make a partial withdrawal of less than \$1,000.

If you made an age-based (age 59½ or older) in-service withdrawal while you were employed by the Federal Government or the uniformed services, you are not eligible for a partial withdrawal from that account.

Full Withdrawal

A single payment. You can withdraw your entire TSP account balance in a single payment.

A series of monthly payments. You can withdraw your entire account in a series of substantially equal monthly payments. You can choose:

- *Monthly payments computed by the TSP based on IRS life expectancy tables.*⁶ Your initial payment amount will be based on your account balance at the time of the first payment and your age. The TSP will recalculate the amount of your monthly payments every year based on your account balance at the end of the preceding year and your age.
- *A specific dollar amount.* You will receive payments in the amount that you request until your entire account balance has been paid to you. The amount of the monthly payments must be \$25 or more.

⁶ IRS Single Life Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 1, is used to calculate monthly payments based on life expectancy for participants who are 69 years old or younger. Once a participant turns 70, the Uniform Lifetime Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 2, is used.

You can change the investment of your account balance among the five TSP investment funds while you are receiving monthly payments. (If you have investments in the F Fund, C Fund, S Fund, or I Fund, remember that investment losses could cause your account balance to decrease, which could reduce either the amount of your monthly payments or their duration.)

You can also change to a final single payment at any time. In addition, you can make a change to the payment amount you are receiving or make a one-time-only change from TSP-computed payments to a specific payment amount. These last two changes will become effective only once a year — on January 1, if your request is received by December 15 of the preceding year. For more information, see “Changing Your Withdrawal Election — After payments begin” on page 8.

Note: If you are receiving a series of monthly payments from your account, you will be subject to IRS minimum distribution requirements in the year in which you become 70½. (See “Required Minimum Distributions,” page 10.)

A life annuity. You can withdraw your entire account as a life annuity. An annuity is a monthly benefit paid to you for life. The TSP can purchase an annuity for you from the TSP’s annuity provider for a minimum amount of \$3,500. This means that if you are using your entire account balance to purchase an annuity, your account balance must be at least \$3,500 at the time of purchase.

You can request a single life annuity, a joint life annuity with your spouse, or a joint life annuity with someone other than your spouse. A joint life annuity means that monthly payments will be paid to you, and, after either of you dies, to the surviving joint annuitant.

For detailed information about TSP annuities and their features, read the booklet *Thrift Savings Plan Annuities*, available from the TSP Web site, your agency personnel office, or your service.

A mixed withdrawal. You can withdraw your entire account balance by a combination of any two, or all three, of the available full withdrawal options (single payment, monthly payments, or a life annuity). The rules for each of the options that you choose will be the same as described above. Thus, if you use only a portion of your account balance to purchase an annuity, the percentage of your balance that you specify to purchase the annuity must equal at least \$3,500.

Special note about tax-exempt balances: If you have a uniformed services TSP account, your account may include contributions from combat zone pay. Combat zone pay is exempt from Federal income taxes; therefore, TSP contributions from combat zone pay

are also exempt from Federal income taxes when they are distributed from a uniformed services TSP account. The TSP will make all withdrawals from a uniformed services account on a *pro rata* basis from both taxable and tax-exempt sources. A withdrawal made from a uniformed services TSP account will therefore include taxable and tax-exempt balances if the account includes contributions from combat zone pay.

The taxable and tax-exempt portion of each monthly payment will be based on the proportion of taxable and tax-exempt balances in your account at the time the distribution is made. If you elect to use your account to purchase an annuity, the annuity vendor will calculate the taxable and tax-exempt portion of each payment based on the proportion of taxable and tax-exempt balances used to purchase the annuity. (See the tax notice “Important Tax Information About Payments From Your TSP Account” for detailed information about taxes.)

Transferring Your Withdrawal

Your TSP account is a portable retirement benefit. This means that when you withdraw your account, you can have the TSP transfer part or all of your single payment or certain monthly payments to a traditional IRA or an eligible employer plan (for example, the 401(k) plan of a new employer).⁷ Check with your new employer to see if its plan can accept your transfer. Amounts transferred will continue to accrue tax-deferred earnings until you receive your money.

If you choose to have the TSP transfer a *single payment*, you can direct the transfer to *only one* IRA account or eligible employer plan. The amount not transferred will be paid directly to you unless you have chosen to have that amount sent electronically to your checking or savings account by direct deposit.

If you choose to have the TSP transfer your *monthly payments* to a traditional IRA or an eligible employer plan, the TSP can only transfer monthly payments that are expected to last less than 10 years and are not based on the IRS life expectancy table. Thus, if you choose a *dollar amount* for your monthly payments, the TSP will determine whether your payments are expected to last less than 10 years. We will do this by

⁷ A “traditional IRA” is an individual retirement account described in § 408(a) of the Internal Revenue Code (I.R.C.) or an individual retirement annuity described in I.R.C. § 408(b). (It does not include a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).) An “eligible employer plan” is a plan qualified under I.R.C. § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an I.R.C. § 403(a) annuity plan; an I.R.C. § 403(b) tax-sheltered annuity; and an eligible I.R.C. § 457(b) plan maintained by a governmental employer.

dividing the part of your account balance that you chose to be paid as a monthly payment by the dollar amount that you chose for your monthly payment. If the result is less than 120, your payments will be eligible to be transferred.

Note: If you make a change to your monthly dollar amount, the TSP will again determine whether your payments are expected to last less than 10 years and whether they are eligible to be transferred.

To request a transfer, you must indicate on your withdrawal form the percentage of your payment(s) that you want transferred to your traditional IRA or eligible employer plan. In addition, you and your IRA or plan must provide the requested information about your IRA or plan on your withdrawal form. *Do not use forms of the plan or financial institution; the TSP cannot accept them.* If you indicate on your request that you want the TSP to transfer your payment(s), but you do not provide complete transfer information, your withdrawal request will not be processed.

Note: If you use the Web to request a withdrawal, and you decide to transfer any portion of your withdrawal to a traditional IRA or an eligible employer plan, you will not be able to complete your withdrawal on the Web. You will have to print out your partially completed form and submit it to the TSP Service Office after the transfer information is completed.

Some financial institutions and plans have minimum transfer amounts. You should verify that the financial institution or plan will accept the transfer of your payment(s) before you request a transfer.

You can also receive directly any taxable payments that are eligible to be transferred and roll them over to a traditional IRA or an eligible employer plan yourself within 60 days. This is described in detail in the tax notice "Important Tax Information About Payments From Your TSP Account."

Special note about transferring tax-exempt balances. Tax-exempt balances resulting from contributions from combat zone pay may also be transferred or rolled over into a traditional IRA, or transferred to an eligible employer plan, if the IRA or plan will accept them. However, even though the withdrawal from your account will be based on the proportion of taxable and tax-exempt balances in your account, if you choose to transfer a portion of the withdrawal, the taxable portion will be transferred to your IRA or plan first. Tax-exempt money will be transferred only if the taxable portion of your withdrawal does not satisfy the percentage of your withdrawal that you elected to transfer to your IRA or plan (and the IRA or plan certifies that it will accept tax-exempt money). Amounts that are not transferred will be paid directly to you (or

to your checking or savings account, if you so elect). Read the tax notice for more information.

There are special requirements if you are age 70½ or older and you request a transfer of your TSP account to a traditional IRA or an eligible employer plan. (See "Required Minimum Distributions," page 10.)

Depositing Your Payment(s) Electronically

Any single or monthly payments that are not transferred directly to a traditional IRA or an eligible employer plan can be sent to your checking or savings account electronically by direct deposit. (**Note:** Direct deposits will be made only to financial institutions in the U.S.)

You can have your payment(s) sent electronically to only one account at one financial institution. For example, if you choose to receive a portion of your account as a single payment and another portion as monthly payments, you can direct the TSP to send either the single payment, the monthly payments, or both types of withdrawal payments by direct deposit. However, if you choose to send both types of payments by direct deposit, your payments must be sent to the same account at the same financial institution.

Taxes on TSP Payments

You are responsible for paying taxes on your withdrawal. However, different tax rules apply to the different withdrawal options. Also, different tax rules may apply to Federal civilian employees and to members of the uniformed services. For detailed information about the tax rules, read the notice "Important Tax Information About Payments From Your TSP Account," available from the TSP Web site, your agency or service, or the TSP Service Office.

Note: If after reading the TSP tax notice, you decide to submit a Form W-4P, Withholding Certificate for Pension or Annuity Payments, attach a copy of the form to your withdrawal request when you mail it to the TSP Service Office. If you request a mixed withdrawal (e.g., a single payment and monthly payments), indicate on the top of Form W-4P the option to which the withholding applies. Submit a separate Form W-4P for each withdrawal option for which you want to make an election.

Changing Your Withdrawal Election

Before payments begin. The TSP processes withdrawals daily (i.e., each business day). Completed withdrawal requests that are entered into the system

by 11:00 a.m. central time are processed that night. This means that there is a very small window of time during which you would be able to cancel your request and submit a new election. Therefore, we recommend that you carefully consider your options before submitting a withdrawal request.

After payments begin. You *cannot* change your withdrawal choice after your account has been paid out. Also, if you have chosen an annuity, you cannot change either the annuity option or the joint annuitant after the TSP has purchased an annuity for you.

However, if you are receiving a series of monthly payments, you can at any time change to a final single payment, or change where or how your payments are sent, by submitting Form TSP-73 or TSP-U-73, Change in Monthly Payments. In addition, you can make a one-time-only change from TSP-computed payments to a specified dollar amount, and, once a year, you can change the dollar amount of your payments. To make an annual change, the TSP must receive Form TSP-73 or TSP-U-73 from you by December 15 for the change to be effective January 1 of the following year.

You should ask the TSP Service Office for Form TSP-73 or TSP-U-73, if you want to:

- Change your monthly payments to a final single payment. The final single payment can be made directly to you, or you can have the TSP transfer all or part of it to a traditional IRA or an eligible employer plan. Any amount not transferred can be sent to your checking or savings account by direct deposit.
- Change the dollar amount you are receiving (only allowed annually, effective at the beginning of the following year.)
- Change from TSP-computed payments to a specific dollar amount. (This is a one-time-only change which will become effective at the beginning of the following year.)
- Begin transferring monthly payments or change the portion of each monthly payment that is transferred to a traditional IRA or an eligible employer plan. (You can transfer only a series of payments expected to last less than 10 years.)
- Change the IRA or plan to which your payments are sent.
- Begin direct deposit for the portion of your monthly payments that is sent to you, or stop direct deposit and have checks sent directly to you.
- Change the financial institution or the checking or savings account that is receiving your monthly payments.

III. Special Considerations

This section describes considerations relating to certain participants: vesting requirements for FERS participants; automatic cashouts for participants with accounts of less than \$200; spouses' rights; survivor annuity and notice requirements for participants with accounts over \$3,500; court orders; death benefits; withdrawal rules for participants who have received an age-based in-service withdrawal; and withdrawal rules for rehired participants.

Vesting Requirements

Vesting requirements apply only to FERS participants. If you are a FERS participant, you must work for the Federal Government for a certain number of years in order to be entitled to (or "vested in") the Agency Automatic (1%) Contributions in your account and the earnings on those contributions. Most FERS employees become vested in the agency automatic contributions after 3 years of Federal civilian service. FERS employees in congressional and certain non-career positions become vested in the agency automatic contributions after completing 2 years of Federal civilian service. If you leave Government service before meeting the vesting requirement for your agency automatic contributions, those contributions and the earnings on them will be removed from your account and forfeited to the TSP.

If you are a FERS participant, you are always vested in your own contributions (and their earnings) and the matching contributions your agency makes (and the earnings on them). If you die before leaving Government service, your entire TSP account will be vested automatically.

CSRS and uniformed services participants are always vested in all the money in their accounts.

Automatic Cashout of Small Accounts

If your vested account balance is less than \$200 after your agency or service reports that you have left service, your account will be automatically paid directly to you in a single payment. You will not be eligible to make any other withdrawal election, nor will you be allowed to remain in the TSP. The TSP will not withhold any amount for Federal income tax on your cashout. Before leaving service, we recommend that you check your address in your TSP account record to ensure that it is correct. You can do this on the Web or with your agency or service personnel office or service TSP representative. Your agency or service must correct your address while you are still employed.

Spouses' Rights

The Federal Employees' Retirement System Act of 1986, which created the TSP, provides certain rights to spouses of participants. The rules pertaining to these rights vary depending on the type of withdrawal you choose — a full withdrawal or a partial withdrawal of your account. If you are a married FERS, CSRS, or uniformed services participant (even if you are separated from your spouse), you are subject to spouses' rights requirements, as explained below:

If you are a married FERS or uniformed services participant with an account balance of more than \$3,500 and you are making a full withdrawal, your spouse is entitled by law to a prescribed survivor annuity. This is a joint life annuity with a 50 percent survivor benefit, level payments, and no cash refund feature. If you choose any other withdrawal option, or any combination of options, such that your *entire* account balance is not used to purchase the required annuity, your spouse must sign a statement on Form TSP-70 or TSP-U-70 waiving his or her right to the required annuity. Your spouse's signature must be notarized.

If you are a married FERS or uniformed services participant and you are making a partial withdrawal, your spouse must give written consent to your withdrawal on Form TSP-77 or TSP-U-77, *regardless of* your account balance or the amount of your withdrawal. Your spouse's signature must be notarized.

If you are a married CSRS participant with an account balance of more than \$3,500 and you are making a full withdrawal, the TSP must notify your spouse of your withdrawal election.

If you are a married CSRS participant and you are making a partial withdrawal, the TSP must notify your spouse of your withdrawal election, *regardless of* your account balance or the amount of your withdrawal.

Spouses' rights for separated participants are summarized in the chart below:

Spouses' Rights			
Retirement System	Withdrawal Type	Requirement	Exceptions
FERS or uniformed services	Full*	Spouse is entitled to a joint life annuity with 50% survivor benefit, level payments, and no cash refund feature, unless he or she waives this right.**	Whereabouts unknown or exceptional circumstances
FERS or uniformed services	Partial	Spouse must give written consent to the withdrawal.	Whereabouts unknown or exceptional circumstances
CSRS	Full*	TSP must notify spouse of the participant's withdrawal request.	Whereabouts unknown
CSRS	Partial	TSP must notify spouse of the participant's withdrawal request.	Whereabouts unknown

* For full withdrawals (which includes mixed withdrawals), spouses' rights requirements apply only if the account balance is more than \$3,500.

** Unless the **entire** account balance is used to purchase the prescribed annuity, the spouse must waive his or her right to it.

Under certain circumstances, as noted in the chart, exceptions may be made for the spouse's waiver of a survivor annuity (FERS and uniformed services) or notice (CSRS), or the spouse's consent to a partial withdrawal (FERS or uniformed services). If the whereabouts of your spouse are unknown, or if there are exceptional circumstances (applicable to FERS and uniformed services participants only) that make it inappropriate for you to obtain your spouse's signature, you may apply for an exception to the spouse waiver and notice requirements by submitting Form TSP-16 or TSP-U-16, Exception to Spousal Requirements, with the required documentation. **The criteria for supporting a claim on the basis of exceptional circumstances are strict.** The fact that there is a separation agreement, a prenuptial agreement, a protective order, or a divorce petition does not in itself support a claim of exceptional circumstances.

For more information on establishing an exception to the spouses' rights requirements, see Form TSP-16 or TSP-U-16, which is available from the TSP Web site or the TSP Service Office.

Required Minimum Distributions

The Internal Revenue Code requires that you receive a portion of your TSP account (your “required minimum distribution”) beginning in the calendar year you become age 70½ and are separated from service.⁸ If you do not withdraw your account balance or begin receiving payments from your account, the TSP is required to make the required distribution to you by April 1 of the following year. This means that after you separate, your TSP account(s) is subject to IRS minimum distribution requirements beginning in the calendar year in which you become age 70½.

The minimum distribution payment cannot be transferred or rolled over. This means that if you withdraw your account in a single payment or are receiving monthly payments in a year to which the required minimum distribution applies, you cannot transfer the entire payment(s) to a traditional IRA or an eligible employer plan. Instead, the TSP will calculate your required minimum distribution amount and mail it directly to you (or if applicable, to the savings or checking account designated to receive your direct deposit).

The TSP calculates minimum distributions based on your account balance and your age, using the IRS Uniform Lifetime Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 2. For detailed rules regarding minimum distributions see the TSP tax notice, “Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions.”

Note: If you do not withdraw (or begin withdrawing) your account by the required deadline, your account balance will be forfeited to the TSP (although your required minimum distribution for the prior year will be sent to your last address of record). You can reclaim your account; however, you will not receive earnings on your account from the time the account was forfeited.

Combining a Uniformed Services and a Civilian TSP Account

If you have both a uniformed services and a civilian TSP account when you separate, you can combine the accounts into one, provided you are not receiving monthly payments from the remaining account.

However, you can only combine the account related to your separation into your other TSP account. For example, if you separated from the uniformed services, you can transfer that account into your civilian account.

If you have separated from both Federal civilian employment and the uniformed services, you can choose the account you want to keep and combine the other one with it. To combine uniformed services and civilian TSP accounts, use Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts.

If your uniformed services TSP account includes a tax-exempt balance, this balance **cannot** be transferred into your civilian TSP account. If you transfer your uniformed services account into your civilian account, the tax-exempt balance will remain in your uniformed services TSP account until you request to withdraw it.

Also, spouses’ rights for CSRS participants will change when your uniformed services and civilian TSP accounts are combined. Under a uniformed services TSP account, your spouse must provide written consent to a loan or in-service withdrawal. Furthermore, for a post-employment withdrawal, your spouse is entitled to a 50% joint and survivor annuity with level payments and no cash refund feature (unless he or she waives this right). In contrast, the spouse of a TSP participant who is under the CSRS retirement system receives only notification regarding any loans or withdrawals from the participant’s account. This means that, depending on the way in which you choose to combine your accounts, your spouse will either gain additional control of loans and withdrawals from your account by having to provide his or her signature, or your spouse’s rights will be reduced (if he or she consents) only to receiving notification of your loan or withdrawal.

FERS participants who are combining their civilian and uniformed services TSP accounts are not affected, because spousal rights are the same for FERS and uniformed services participants.

Court Orders

The TSP must honor a valid court order that awards all or part of a TSP account to a current or former spouse (including a separated spouse). The TSP must also honor a valid order that enforces obligations to pay child support or alimony and to satisfy judgments for child abuse. With the exception of a minimum distribution, your withdrawal will not be processed while the TSP is reviewing such an order. If the TSP determines that an order is valid and applies to the TSP account from which you have requested a withdrawal, it will comply with the order before your withdrawal is processed.

⁸ If you separate after age 70½, your account is immediately subject to the minimum distribution requirements.

For more information about court orders, obtain the booklet *Information About Court Orders* and the notice "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders." Both are available from the TSP Web site, your agency personnel office, your service TSP representative, or the TSP Service Office.

Death Benefits

You may designate beneficiaries to receive your TSP account in the event of your death. If you do not designate beneficiaries for your account, it will be distributed according to the statutory order of precedence described below.

Designation of beneficiaries. To name a beneficiary or beneficiaries for your account, mail Form TSP-3 or TSP-U-3, Designation of Beneficiary, to the TSP Service Office; to be valid, the form must be received by the TSP Service Office on or before the date of your death. **A will is not valid for the disposition of your TSP account.** Form TSP-3 applies only to a civilian TSP account; Form TSP-U-3 applies only to a uniformed services TSP account.

The share of any designated beneficiary who dies before you die will be distributed proportionally among the surviving designated TSP beneficiaries for that account (unless you designated a contingent beneficiary for the deceased beneficiary). Your Designation of Beneficiary will be void if none of the designated beneficiaries for that account is alive at the time of your death. In that case, the statutory order of precedence will be followed.

If your beneficiaries' addresses change, submit a new Designation of Beneficiary so that the TSP can locate the people who are entitled to your account if you die. If there are any changes in your family status (marriage, divorce, birth, death, etc.), you may also want to submit a new Designation of Beneficiary to change your beneficiary(ies). Your participant statement will show whether you have a Designation of Beneficiary on file with the TSP for an account and, if so, the date you signed it. (Even if the TSP has a Form TSP-3 or TSP-U-3 on file for you, you are responsible for its correctness and completeness.) To change or cancel a previous designation, mail a new Designation of Beneficiary to the TSP Service Office.

Statutory order of precedence. If you do not file Form TSP-3 or TSP-U-3 to designate a beneficiary for that account or if the form you send in is invalid, your account will be distributed as required by law: to your widow or widower; if none, to your child or children equally, and to descendants of deceased children by representation; if none, to your parents equally or the

surviving parent; if none, to the executor or administrator of your estate; if none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death.⁹

Special rules apply in the unlikely event that the TSP learns of a participant's death after he or she has completed a withdrawal election but before the withdrawal has been paid. These rules are published in 5 C.F.R. § 1.651.2.

Distributing your account. In order for beneficiaries to receive a participant's account, Form TSP-17 or TSP-U-17, Information Relating to Deceased Participant, must be submitted to the TSP Service Office, together with a copy of the participant's death certificate.

Once the beneficiaries of an account have been determined, the TSP Service Office will provide them with information about death benefit payments and a tax notice. Copies of that notice, "Important Tax Information About Thrift Savings Plan Death Benefit Payments," are available from the TSP Web site, agency personnel offices, service TSP representatives, or the TSP Service Office. Payments are ordinarily made 60 days after the notices to the beneficiaries, have been issued.

Payments made directly to spouses of deceased participants are subject to 20 percent mandatory Federal income tax withholding on the taxable balances. Spouses of deceased participants can avoid the mandatory withholding on all or part of these payments by having the TSP transfer that amount to a traditional IRA or to an eligible employer plan. Payments of money made to beneficiaries other than a spouse are subject to 10 percent withholding (which may be avoided, as described in the tax notice). Payments to non-spouse beneficiaries cannot be transferred. Tax-exempt balances retain their tax-exempt status when paid to beneficiaries, and are not subject to withholding.

⁹ In this order of precedence, a child includes a natural child (even if the child was born out of wedlock), a child adopted by the participant, and descendants of deceased children; it does not include a stepchild who was not adopted. **Note:** Under the order of precedence, if the participant's natural child was adopted by someone other than the participant's spouse, that child is not entitled to a share of the participant's TSP account.

"By representation" means that if a child of the participant dies before the participant dies, that child's share will be divided equally among his or her children.

Parent does not include a stepparent unless the stepparent adopted the participant.

Withdrawal Rules for Rehired Participants

*If you separate from Federal civilian employment or the uniformed services and then are reemployed by the Federal Government with a break in service of **less than 31** full calendar days, you are not eligible to withdraw your TSP account. If you are a FERS participant, your new agency should start your Agency Automatic (1%) Contributions immediately. Whether you are covered by FERS, CSRS, or the uniformed services, your own contributions to your account should resume automatically when you are rehired. (Check your earnings and leave statement.) If contributions do not resume, see your new agency personnel office or service. If you have an outstanding TSP loan, contact your new agency personnel office or service to ensure that your loan payments continue to be made; otherwise, you may be subject to a taxable distribution.*

*If your break in service is **31 or more** full calendar days, you are eligible, but not required, to withdraw your TSP account. If you wish to withdraw your account, your withdrawal request must be received and paid while you are still separated from service.*

Note: If you began receiving monthly payments from the TSP after you separated, those payments will stop if you are subsequently rehired; annuity payments will continue despite your rehire.

TSP Forms and Materials for Separated Participants

You can obtain the following items from the TSP Web site. Also, if you are employed as a Federal civilian employee, you can obtain them from your agency personnel office; if you are a member of the uniformed services, you can obtain these items from your service TSP representative. After you separate, you can obtain them from the TSP Service Office. (Items with an asterisk (*) may not be available through your agency or service.)

For Civilian TSP Participants:	For Uniformed Services TSP Participants:
To withdraw your account —	
<ul style="list-style-type: none">• Form TSP-70, Request for Full Withdrawal• Form TSP-77, Request for Partial Withdrawal When Separated• Form TSP-16, Exception to Spousal Requirements*• Booklet: <i>Withdrawing Your TSP Account After Leaving Federal Service</i>• Booklet: <i>TSP Annuities</i>• Tax Notice: "Important Tax Information About Payments From Your TSP Account"	<ul style="list-style-type: none">• Form TSP-U-70, Request for Full Withdrawal• Form TSP-U-77, Request for Partial Withdrawal When Separated• Form TSP-U-16, Exception to Spousal Requirements*• Booklet: <i>Withdrawing Your TSP Account After Leaving Federal Service</i>• Booklet: <i>TSP Annuities</i>• Tax Notice: "Important Tax Information About Payments From Your TSP Account"
To keep your account information up to date —	
<ul style="list-style-type: none">• Form TSP-3, Designation of Beneficiary• Form TSP-9, Change of Address for Separated Participant*• Form TSP-15, Change in Name for Separated Participant*	<ul style="list-style-type: none">• Form TSP-U-3, Designation of Beneficiary• Form TSP-U-9, Change of Address for Separated Participant*• Form TSP-U-15, Change in Name for Separated Participant*
To make interfund transfers in your account —	
<ul style="list-style-type: none">• Form TSP-50, Investment Allocation (available only from your agency personnel office and the TSP Service Office)	<ul style="list-style-type: none">• Form TSP-U-50, Investment Allocation (available only from your service TSP representative and the TSP Service Office)
For beneficiaries to receive your account —	
<ul style="list-style-type: none">• Form TSP-17, Information Relating to Deceased Participant*• Tax Notice: "Important Tax Information About Thrift Savings Plan Death Benefit Payments"*	<ul style="list-style-type: none">• Form TSP-U-17, Information Relating to Deceased Participant*• Tax Notice: "Important Tax Information About Thrift Savings Plan Death Benefit Payments"*
To combine your civilian and uniformed services TSP accounts —	
<ul style="list-style-type: none">• Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts*	<ul style="list-style-type: none">• Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts*
Other materials —	
<ul style="list-style-type: none">• Form TSP-60, Request for a Transfer Into the TSP*• Form TSP-73, Change in Monthly Payments*• Tax Notice: "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions"*• Tax Notice: "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders"*• Booklet: <i>Information About Court Orders</i>	<ul style="list-style-type: none">• Form TSP-U-60, Request for a Transfer Into the TSP*• Form TSP-U-73, Change in Monthly Payments*• Tax Notice: "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions"*• Tax Notice: "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders"*• Booklet: <i>Information About Court Orders</i>

To make your withdrawal go smoothly:

- Obtain the withdrawal forms and tax notice from your agency or service when you separate.
- Make sure your agency or service promptly reports your separation to the TSP.
- If you have a TSP loan, either repay it or ask that the TSP declare it a taxable distribution.
- Check your withdrawal forms before you mail them to make sure they are correct and complete — including signature and date. If you have both a civilian and a uniformed services TSP account, be sure you are using the correct forms.
- Make a copy of your withdrawal forms for your records.
- Notify the TSP Service Office in writing immediately if there is any change in your address after you separate.