

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Support Center
Compensation Branch/OCCSS
5600 Fishers Lane, Room 4-50
Rockville, MD 20857-0001

TO: Active Duty PHS Commissioned Corps Officers

FROM: Compensation Branch, Office of Commissioned Corps Support Services/PSC

SUBJECT: Thrift Savings Plan for the Uniformed Services

This memorandum provides information regarding enrollment procedures and changes to the Thrift Savings Plan (TSP) for 2008. Beginning in January 2008, the total contributions to TSP are restricted by Internal Revenue Code to 15,500 for 2008. Members serving in a Combat Zone are subject to a special elective deferral limit for 2008 of \$45,000, this limit applies to all TSP contributions, including tax-exempt contributions. The Thrift Savings Plan (TSP) Board has a Question and Answers page on their website at <http://www.tsp.gov/curinfo/qsas-limits.html> that provides instructions for determining the amount to contribute.

How do I complete the TSP-U-1? The only pays that may be contributed to TSP are basic pay, incentive pays (monthly), special pays (monthly), and bonuses (lump sum contractual). Before completing the TSP-U-1, please read the [Summary of the Thrift Savings Plan](#) and the instructions on the back of the form. Additionally, the following information may be helpful in completing the TSP-U-1. If you need help completing the form, or are unable to download it, please contact the Compensation Branch at 301-594-2963.

The following may not be contributed to TSP:
Allowances (Basic Allowance for Housing, Basic Allowance for Subsistence, etc)
Cash Awards
Lump Sum Leave sell-back
Separation Pay

Please complete Section I. The CB will provide the Thrift Savings Board with your payroll address. Please type or print legibly, and make sure that CB has a daytime telephone number where you can be reached in case there are questions regarding your TSP-U-1.

Do not use this form to change your payroll address. Changes in your payroll address should be submitted directly to CB and will be reported in the normal update to SI International, INC, located in Fairfax, VA.

Please use the following guidelines in the completion of Section II of the TSP-U-1.

Item 7 TSP contribution limits are eliminated but you may not exceed the IRC annual limit of \$15,500. There is no option for a uniformed service member to elect a whole dollar amount for calendar year 2008. The election for the TSP-U-1 is in whole percentage increments only.

Items 8, 9, and 10 The table below provides guidance for the completion of items 8, 9, and 10. For the sum of all the pays listed in each of these items, you may contribute 0 to 100 percent (in whole percent increments). It is important to understand that the percentage of the election made from each of the categories will result in the uniform application of the percent selected to all pays the officer receives under that category. As an example, a medical officer that elects 20 percent of #9, Special Pays, will have 20 percent deducted from VSP and BCP. It is not possible to limit the percent deposit to individual types of pay such as VSP.

The combined maximum annual TSP contributions from items 7, 8, 9, and 10 cannot exceed the IRS limit of \$15,500 for calendar year 2008. The automated payroll system will stop further deductions once the \$15,500 ceiling is met.

The following chart will assist you in identifying which pays are covered under incentive pays, special pays, and bonus pay:

<u>8. Incentive Pays (Monthly)</u>	<u>9. Special Pays (Monthly)</u>	<u>10. Bonus Pays (Contractual Lump Sum)</u>
Hazardous Duty Incentive Pay	Variable Special Pay (Medical, Dental, and Pharmacy)	Retention Special Pay(Medical)
Aviation Career Incentive Pay	Board Certified Pay (Medical, Dental, Veterinary, and Nonphysician)	Additional Special Pay (Dental)
Leprosy Pay	Monthly Special Pay for Veterinarians and Optometrists	Multiyear Retention Bonus (Physicians and Dentists)
Hostile Fire and Imminent Danger Pay		Incentive Special Pay (Medical)
Career Sea Pay		Accession Bonus (Nurse, Dental, or Pharmacy)
		Engineering and Scientific Career Continuation Pay
		Nurse Special Pay (Nurse Anesthetists)
		Optometrists Retention Special Pay
		Career Status Bonus (REDUX)

If you think you might receive incentive pay, special pay, or bonus pay in the near future, you may decide now how much you want put into your TSP account and it will take effect automatically when you receive that pay.

Your TSP election remains in effect until you submit another contribution election or you separate from service. For example, if you elect to contribute from bonus pay, your election will cover future installments or any other bonuses to which you become entitled. If this is not your intent, you will need to make another contribution election to terminate or change your contributions from bonus pay.

Complete the [Election Form \(TSP-U-1\)](#), and send the original to the Compensation Branch by the 10th duty day of the month at the address below. Faxed copies of the TSP-U-1 are not acceptable.

Office of Commissioned Corps Support Services
Compensation Branch, Room 4-50
5600 Fishers Lane
Rockville, MD 20857

Please remember to keep a copy for your personal records.

Form TSP-U-1 may also be downloaded from
<http://www.tsp.gov/uniserv/forms/index.html>.

When elections become effective If your election is received in CB on or before the 10th of a month, the first deduction for TSP will become effective that month. For elections received in CB after the 10th of a month, the first deduction for TSP will be made in the following month. Notification on your monthly earnings statement is your confirmation that your TSP account has been started.

After your first TSP deduction has been made, the SI International, Inc. will notify you that your account is established. The notification will include a 4-digit TSP PIN. Your funds will initially be invested in the Government Securities Investment (G) Fund. You may use your PIN to allocate your funds between the separate TSP investment funds. (Note: If you have a TSP account as a result of a civilian appointment, you will receive a separate

PIN for your uniformed services account. You must make separate allocations for each account. TSP accounts that result from previous civilian employment may be rolled over into your uniformed services TSP account. A form TSP-65 "Request to Combine Uniformed Services and Civilian TSP Account" will need to be submitted to the TSP Service Office/NFC. Please see <http://www.tsp.gov/forms/tsp-65.pdf> to acquire form TSP-65.)

I Am Over 50, How Do I Participate In The "Catch Up" Contributions? You are eligible to make "catch up" contributions for any tax year in which you are age 50 or older, and you are currently contributing the maximum TSP allowable under the current contribution guidelines. "Catch up" contributions can only be taken from basic pay and are in addition to your normal TSP contribution amount. The Internal Revenue Service

(IRS) limits for catch-up contribution is \$5,000 in 2008 (same as during 2007) if your regular contributions for the year reach the \$15,500 limit. Complete the [Catch-Up Contribution Election Form \(TSP-U-1-C\)](#), and send the original to the Compensation Branch at the address above. The original form must be received in CB. Faxed copies of the TSP-U-1-C are not acceptable.

Please complete Section I. Please type or print legibly, and make sure that CB has a daytime telephone number where you can be reached in case there are questions regarding your TSP-U-1-C.

Completion of Section II requires that you elect a whole dollar amount (not a percent) to be deducted from each pay period. Your TSP election remains in effect until the maximum “catch up” contribution of \$5,000 is reached, or the end of the calendar year, or you submit a new election form to stop or change the amount. You must submit a new TSP-U-1-C for each year in which you choose to participate in the “catch up” contributions.

How do I stop contributing into the TSP? You may stop putting money into the TSP at any time by completing an Election Form (TSP-U-1) and sending the original to the CB. Please remember to keep a copy for your personal records. If you stop contributing from basic pay, your contributions from all other sources of pay will also be stopped. However, you can stop contributing from incentive pays, special pays, or bonus pays, and continue to contribute from basic pay.

If you submit a contribution election to stop your contributions from basic pay, incentive pay, special pay, or bonus pay, you may elect to resume contributions from these types of pay at any time. However, a member must elect to contribute from basic pay to be eligible to contribute from incentive pays, special pays, or bonus pay.

Where do I go for more information? All TSP information (including [Summary of the Thrift Savings Plan for the Uniformed Services](#) booklet), participation and contribution rules, investment options, loans, withdrawals, and other important TSP information (e.g., designating TSP beneficiaries or the actions you must take to manage your accounts if you have both a uniformed services and civilian account), and forms are available at the TSP website, (www.tsp.gov) and this should be your primary TSP resource. Please visit the TSP website before you make a TSP decision. In fact, when you enter your Social Security number and TSP PIN at the website, you can get immediate information about your account.

For valuable information about your TSP account you should review your TSP participant statement. It is one of the best sources of information about the activity in your TSP account and the personnel information that The TSP has on file for you. To better understand your statement, read [A Guide to Understanding your TSP Participant Statement](#), which is available at the TSP Web site. If you have questions concerning TSP fund selection or the tax implications of your TSP decisions, consult with a professional financial planner or tax advisor.