



Compensation Branch
Division of Commissioned Personnel
5600 Fishers Lane, Room 4-50
Rockville, MD 20857-0001

October 9, 2001

TO: Active-Duty Public Health Service Commissioned Corps Officers

FROM: Compensation Branch, Division of Commissioned Personnel

SUBJECT: Enrollment in the Thrift Savings Plan for the Uniformed Services

The National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398) extended the opportunity to participate in the Thrift Savings Plan (TSP) to members of the Uniformed Services. **The TSP is not a replacement for the commissioned corps retirement system.**

The TSP is a retirement savings and investment plan that has been available to civilian employees of the Federal Government since 1987. The purpose of TSP is to provide retirement income. It offers you the same type of savings and tax benefits that many private corporations offer their employees under so-called '401(k) plans.' The TSP is a defined contribution plan. That is, the retirement income that you receive from the TSP depends upon how much you have contributed to your account and the earnings that have accrued on those contributions. The money that you invest in the TSP comes from pre-tax dollars and reduces your current taxable income. Your investments and earnings are not taxed until they are withdrawn.

The Federal Retirement Thrift Investment Board administers the TSP and contracts with the U.S. Department of Agriculture's National Finance Center (NFC) to serve as the TSP record keeper. The Compensation Branch (CB), as your primary TSP point of contact, distributes TSP materials, answers TSP processing questions, processes your TSP-U-1, "Thrift Savings Plan Election Form," reports the information needed to establish and maintain your account to the TSP record keeper, and also reports the dollar amount contributed to your account.

How do I get started? An enrollment open season begins on October 9, 2001, and lasts until January 31, 2002. To start, simply complete form TSP-U-1 and send the original to the CB at the address below (a return envelope is provided). **NOTE: The form must be received not later than January 31, 2002. Faxed copies of the TSP-U-1 are not acceptable.**

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Please remember to keep a copy for your personal records. Form TSP-U-1 may also be downloaded from <http://www.tsp.gov/uniserv/index.html>.

If you need help completing the form, or are unable to download it, please contact the CB at 301-594-2963. If your election form is received in the CB on or before January 10, 2002, the first deduction for TSP will be made in the January payroll, payable February 1, 2002. If your election form is received in the CB after January 10, 2002, the first deduction for TSP will be made in the February payroll, payable March 1, 2002. If your form is not received in CB prior to February 1, 2002, you may start your TSP account during any other normal TSP open season—May 15 through July 31 and November 15 through January 31.

Notification on your monthly earnings statement is your confirmation that your TSP account has been started. The NFC will also notify you when your account is established. The notification will include a 4-digit TSP Personal Identification Number (PIN). Your funds will initially be invested in the Government Securities Investment (G) Fund. You may use your PIN to allocate your funds among the five 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.)

How do I complete the TSP-U-1? The only pays that may be contributed to TSP are basic pay, special pay, incentive pay, and bonuses. See the back of form TSP-U-1 for detailed instructions. Please complete Section I with the exception of Item 2. The CB will provide the Federal Retirement Thrift Investment Board with your payroll address. Please print or type legibly and make sure the CB has a daytime telephone number where you can be reached in case there are questions regarding your form TSP-U-1. **Do not use the form TSP-U-1 to change your payroll address.**

In Section II, please note that physician Incentive Special Pay should be included in Item 10, Bonus Pay (not under Item 8).

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; and Separation Pay.

How much can I contribute? The Internal Revenue Service (IRS) has limited the maximum deduction for the year 2002 to \$11,000.00. You may contribute from 1 percent to 7 percent (in 1 percent increments) of your basic pay each pay period as well as 1 percent to 100 percent of any incentive pay, special pay, or bonus pay that you receive. However, in order to put any incentive pay, special pay, or bonus pay into your TSP account, you must first be

contributing at least 1 percent of your basic pay into the account. 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 to 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 (TSP-U-1) or you separate from the 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.

Will I receive matching contributions? The Public Health Service Commissioned Corps does not have any immediate plans to offer matching contributions.

How do I change the amount I am contributing? You may change the amount of your basic pay, incentive pay, or special pay (but not bonus pay) you are putting into your TSP account only during an open season. However, you may change the amount of your bonus pay going into your TSP at any time. In each case, complete an Election Form (TSP-U-1) and send the original to the CB, keeping a copy for your personal records.

How do I allocate my contribution among the five funds? You may invest your money in any or all of the five TSP investment funds available. To do this, you must tell the NFC how you want your money allocated by using the TSP Web site (www.tsp.gov), or the ThriftLine (504-255-8777), or by mailing form TSP-U-50, "Investment Allocation," to the NFC. If you use the Web site or the ThriftLine, you will need the TSP PIN given to you by the NFC. You may only send in a form TSP-U-50 to allocate among the different funds after your first contribution is received by TSP and you have received your PIN from the NFC. Otherwise, your request will be denied. Your fund allocation, when accepted, will remain in effect until you specifically change it again.

Can I change how my account balance is invested? You may request an interfund transfer using the TSP Web site, the ThriftLine, or form TSP-U-50. An interfund transfer will change the way money already in your account is invested. Please note that an interfund transfer is different from a contribution allocation. A contribution allocation changes only the investment of future contributions to your account. An interfund transfer shifts your account balance from one account to another. You may request an interfund transfer at any time. However, interfund transfers are processed only once a month and affect your account balance as of the end of the relevant month. If you want to change the investment of both your account balance and future contributions to your account, you must request both an interfund transfer and a contribution allocation. (NOTE: If you have a TSP account as a result of a civilian appointment, you must request separate interfund transfers for each account.)

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 pay, special pay, or bonus pay, and continue to contribute from your basic pay.

If you submit a contribution election to stop your contributions from basic pay, incentive pay, or special pay, you may elect to resume contributions from these types of pay during the next open season. If you decide to stop your contributions from these types of pay (except bonus pay) outside an open season, you may not elect to resume contributions from these sources of pay until the second open season after the effective date of the termination. If you terminate your contributions from bonus pay, you may elect to resume contributions from bonus pay at any time so long as you continue contributions from basic pay.

Where do I go for more information? The attached booklet, *Summary of the Thrift Savings Plan for the Uniformed Services*, discusses 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). All TSP information (including *Summary of the Thrift Savings Plan for the Uniformed Services*), products, and forms are available at the TSP Web site, (www.tsp.gov) and this should be your primary TSP resource. Please read the booklet and keep it for future reference as well as visit the Web site before you make a TSP decision. In fact, when you enter your Social Security Number and TSP PIN at this Web site, you can get immediate information about your account.

For additional information about the TSP investment funds, contribution allocations, and interfund transfers, see the *Guide to TSP Investments*, 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.

Attachments (3)

Summary of the Thrift Savings Plan for the Uniformed Services

TSP-U-1, "Thrift Savings Plan Election Form"

Return envelope