ILLINOIS NATIONAL GUARD

TPP 904-10-A

Thrift Savings Plan

SUPERVISOR'S HANDBOOK

This supersedes Technician Personnel Plan 904, dated 1 October 1996, Chapter 8 Technician Benefits, Part II Thrift Savings Plan (TSP).

Users of this publication are invited to send comments and suggested improvements, through command channels, to The Adjutant General of Illinois, ATTN: HRO, 1301 N. MacArthur Blvd, Springfield, Illinois 62702-2399

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Thrift Savings Plan (TSP)

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1-1 GENERAL: The Thrift Savings Plan (TSP) is the third tier of FERS but is also available to CSRS technicians. The TSP is similar to an Individual Retirement Account (IRA) or 401(k) Plan. That is, money contributed to the TSP is not subject to taxation until withdrawn at time of separation, retirement or death. Since the TSP is widely publicized in official pamphlets and brochures which are available to all eligible technicians, the TSP part of the Supervisor's Handbook will contain only highlights of the Plan that supervisors should be aware of.

1-2 SUMMARY OF THE TSP: Periodically, the Federal Retirement Thrift Investment Board (FRTIB) will publish a complete summary of the TSP. This publication will be furnished to each newly eligible participant automatically. Other participants must request a copy from the HRO. When a new summary is published, HRO will announce availability in a HRO Newsletter. Each open season period a pamphlet entitled "Open Season Update" which describes the major features of the Plan plus any new changes will be furnished to each eligible participant.

1-3 PARTICIPATION: Permanent and Indefinite FERS and CSRS technicians are eligible to participate in TSP.

a. Newly hired FERS employees can sign up to contribute to the TSP during an initial 60-day eligibility period. If they do not make an election within the 60-day period they must wait until open season. The agency's automatic one percent contribution begins the last month of the second open season after you were hired.

b. CSRS technicians may elect to contribute during any open season.

1-4 CONTRIBUTIONS: Contributions to the Plan are made to an individual account that is set up in the technician's name. The money in a technician's account is invested and any earnings are credited to their account balance.

a. Technicians may contribute up to the limits specified in the table below (but not exceeding the Internal Revenue Code (IRC) annual elective deferral limit). If you specify a percentage, your contribution amount will automatically increase when you receive a pay raise.

For Pay Periods Beginning:	**FERS**	**CSRS**	**IRS Limit**
Before December 2002	12%	7%	$11,000
December 2002	13%	8%	$12,000
December 2003	14%	9%	$13,000
December 2004	15%	10%	$14,000
December 2005 and thereafter:	Percentage limits Elimiated		$15,000

b. Agencies will make automatic contributions to FERS employees based on how much they contribute to their account as follows:

% of Pay Technician Contributes	Agency Contributes
0%	Government automatically contributes 1% of pay
1 -3%	Government matches $1.00 per $1.00
4- 5%	Matches $.50 per $1.00

c. This contribution limit will increase by one percentage point each year through 2005, after which participant's contributions will be restricted only by the Internal Revenue Code's annual limits. The maximum amount that you can contribute to a tax-deferred retirement plan in 2002 is $11,000.00. The IRS limit is adjusted each year to take into account increases in the cost of living.

d. Technicians may stop their contributions at any time. If they choose to stop during an open season, they must wait until the next open season to start again. If they stop between open seasons, they must wait until the second open season after stopping before they can contribute again.

e. TSP 1, Election Form is used by FERS or CSRS technicians to start, change, or stop contributions.

f. You can change the allocation of your payroll contributions among the different funds at any time using the TSP Web Site, the Thriftline, or Form TSP 50, Investment Allocation. You can change the way money already in your account is invested by making an interfund transfer (one per month) using the same methods.

1-5 VESTING: Technicians are vested in (entitled to) contributions made to the TSP as follows:

a. FERS technicians are fully vested in all contributions and matching earnings except the one percent automatic government contributions. This automatic contribution becomes vested at three years of Federal civilian service.

b. CSRS technicians are fully vested in their contributions and earnings.

1-6 OPEN SEASON: During open seasons, technicians have the opportunity to begin or resume making contributions, change the level of their contributions or change their investment elections.

a. There are two open seasons held each year as follows:

Open Season:	Enrollment Period:
Apr 15 through June 30	June 1 through June 30
October 15 through December 31	December 1 through December 31

b. Elections made during an open season will be effective the first full pay period of an enrollment period.

c. Elections made during an enrollment period will be effective the NEXT full pay period.

1-7 INVESTMENT OPTIONS: There are five funds in the TSP.

a. The G Fund which consists of U.S. Treasury securities.

b. The F Fund which is a Bond Index Fund.

c. The C Fund that is a Common Stock fund.

d. The S Fund which is small capitalization stock index investment fund.

e. The I Fund which is international stock index investment fund.

1-8 INTERFUND TRANSFERS: Up to 12 times a year technicians are given the opportunity by the National Finance Center (NFC) of the TSP board to transfer account balances among the five funds. This transaction is between the technician and the NFC only and is accomplished on Form TSP-30, by using the Thrift Line at (504) 255-8777 or by going to the website: www.tsp.gov.

1-9 LOAN PROGRAM: Technicians may borrow from the TSP as explained below:

a. Technicians who have a balance of over $1,000 of their own contributions and interest may request a loan on TSP 20. There are two types of loans:

(1) Purchase a primary residence.

(2) General Purpose.

b. To qualify for a loan, the technician must be a current technician in pay status, must meet loan payment eligibility.

c. Terms of a residential loan are 15 years with a three-year grace period. All other loans are for four years with a one-year grace period.

d. Repayment amount is based on size and period of loan.

e. Interest rate is the G Fund rate in effect during month loan is issued.

f. Payments are made through payroll deduction and interest is returned to technician's TSP account. Prepayment in full is permitted.

g. If a technician separates with an outstanding loan balance the technician must prepay the loan in full or take the unpaid balance as an early distribution with a ten percent tax penalty.

1-10 WITHDRAWAL OPTIONS: There are three basic ways to withdraw your TSP account:

a. Have the TSP purchase a life annuity for you.

b. Receive your account in a single payment.

c. Receive your account in a series of monthly payments. You can have your payment(s) begin immediately or at a later date. (You cannot choose a future date that is later than March of the year following the year in which you turn 70 1/2.) 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 an IRA or other eligible retirement plan. You will be able to make a one-time partial withdrawal from your TSP Account.

1-11 ORDER OF PRECEDENCE: If there is no beneficiary form (TSP-3) on file upon the death of a technician, account balances will be paid as follows:

a. Beneficiary designated on TSP 3, or to

b. Widow or widower, or to

c. Child/children, or to

d. Parents, or to

e. Executor/administrator of estate, or to

f. Next of kin

1-12 PARTICIPANT STATEMENT TSP-8: These statements are distributed to participants quarterly (for the quarters ending Mar 31, June 30, Sep 30 and Dec 31.) to the technician's address provided in the TSP database maintained in the payroll offices. HRO must be notified of any incorrect personal information on the participant statement. Address changes must be done through USPFO for ARNG, Accounting & Finance for ANG or through you're My Pay account.

1-13 MONTHLY INTEREST RATES: Each month the current interest rates are published in a HRO Bulletin, or may be obtained from the TSP website **www.tsp.gov.**

1-14 TSP THRIFTLINE & WEBSITE - (504) 255-8777 or www.tsp.gov: The Thriftline and website are available 24 hours a day, seven days a week. The Thriftline & website offer you daily rates of return for the five TSP funds, your daily account balance, and the status of your loan request or withdrawal request. Also, you can use the Thriftline or website to make, change, or cancel an interfund transfer.