

April 15, 2003

SUBJECT: THRIFT SAVINGS PLAN OPEN SEASON

The Thrift Savings Plan (TSP) open season begins today and ends June 30, 2003. During this open season, you may begin contributing to the TSP or change the amount of your TSP contributions. If you are covered by the Federal Employees Retirement System (FERS), the Civil Service Retirement System (CSRS), or the CSRS Offset System, you should give serious consideration to maximizing your TSP contributions. The TSP is an integral part of your retirement benefits, particularly for employees covered under FERS. The earlier you begin to make contributions to the TSP, the more money you will have at the time of retirement. You are reminded that contributions to the TSP are tax deferred. Not only do you postpone paying taxes on your contributions to your TSP account, the earnings on your account are also tax deferred. This means you do not have to pay taxes on your TSP account earnings until you receive the money, thereby keeping more money invested and working for you.

During this open season, employees covered by FERS may elect to contribute up to 13 percent of the basic pay they earn each pay period; employees covered by CSRS may elect to contribute up to 8 percent of the basic pay they earn each pay period. These percentages will continue to rise 1 percent annually until 2006 when percentage limitations will be eliminated, and employees will be restricted only by limitations imposed by the Internal Revenue Service.

The limit placed on contributions to the TSP by the Internal Revenue Service for 2003 is \$12,000. FERS employees whose salary exceeds \$92,000 per year should keep this limit in mind when deciding on the amount to contribute to their TSP account each pay period. FERS employees will only receive agency matching contributions on the first 5 percent of basic pay contributed each pay period, and employees who reach their annual limit before the end of the year will have their contributions and the agency matching contributions stopped. As a result, these employees will not receive the full amount of agency matching contributions they would have received if their own contributions had been slightly less each pay period but had continued over every pay period throughout the year. For detailed information on how to spread contributions over the entire year, see the TSP Fact Sheet, "*Annual Limit on Elective Deferrals*," at <http://www.tsp.gov/forms/index-factsheets.html>.

Making a contribution election. To make a contribution election, you should complete and submit Form TSP-1 (Election Form). Forms are available in the Human Resources Division in Room 1221 of the Federal Building and at the Office of Scientific and Technical Information in Room 32. You may also obtain Form TSP-1 from the TSP Web site at www.tsp.gov. Employees who have personal identification numbers through the Employee Self Service (ESS) feature of the Corporate Human Resources Information System may make changes through the ESS web site at <https://mis.doe.gov/ess/>. These changes include designating an amount or percentage to be contributed to the TSP per pay period and canceling TSP deductions.

Effective Dates of Elections. If your election is received by May 31, 2003, it will become effective June 1, 2003. Your earnings and leave statement dated June 26, 2003, will reflect this election. If your election is received after May 31, 2003, it will become effective no later than the first full pay period after it is received.

Employees may stop TSP contributions at any time. Contributions discontinued during an Open Season may be resumed during the next Open Season. Employees who choose to discontinue contributions outside an Open Season must skip one Open Season before resuming contributions.

Making Investment Elections. You may invest in any of the five TSP investment funds. To change the investment of future contributions to your TSP account, you must request a contribution allocation. Contribution allocations are processed daily, and your contribution allocation request will generally be effective no later than 2 business days after it is received.

You must request an interfund transfer to change the way previously invested funds are allocated. Interfund transfers are processed monthly after accounts have been valued. Your interfund transfer request must be received by the fifteenth of the month or, if the fifteenth is not a business day, the next business day for the interfund transfer to be effective as of the end of the month.

To request a contribution allocation or an interfund transfer, use the TSP Web site (www.tsp.gov), the ThriftLine (504-255-8777), or Form TSP-50 (Investment Allocation). You may request a contribution allocation or interfund transfer at any time.

Obtaining More Information. The booklet, *Summary of the Thrift Savings Plan for Federal Employees*, describes the TSP in detail and contains more information about contribution elections, contribution allocations, and interfund transfers. The latest version of this booklet is dated May 2001. Copies of this booklet are available in Room 1202 of the Federal Building and Room 32 at OSTI. The booklet can also be viewed and printed from the TSP web site.

Questions regarding the TSP should be referred to Cathy Clifton at (865) 576-0680.


Melanie M. Kent, Chief
Personnel and Management
Analysis Branch