THRIFT SAVINGS PLAN (TSP) ELECTIONS

END OF THE YEAR 2009

This DOECAST provides information for TSP elections at the end of the 2009 calendar year. During this time, employees may begin contributing to the TSP, change the amount of existing contributions, or stop their contributions.

The Internal Revenue Service (IRS) has announced the contribution limits for 2010. These limits affect the amount of contributions participants can make to the Thrift Savings Plan (TSP) for the year. The annual limit for elective deferrals will remain at $16,500 in 2010. Also, the limit for catch-up contributions will remain at $5,500 in 2010. For TSP purposes, elective deferrals refer to employee contributions that are made on a tax-deferred basis.

Employee Self Service (ESS) should be used to start, change or stop contributions for the TSP and TSP Catch-up. This is a secure website. All eligible employees are able to make elections in ESS with the exception of elections made at the time of Entry on Duty or for restarts of elections after an In-Service Withdrawal. Employees can access the ESS website at: https://mis.doe.gov/ess. Employees having no internet access should contact their local servicing human resources office.

Elections for TSP and TSP Catch-up may begin as early as December 20, 2009, with contributions to TSP reflected as early as January 14, 2010, the first pay day in 2010.

Eligibility:

All employees covered by FERS or CSRS are eligible to participate in the TSP, and they may make contribution elections at any time. As of June 22, 2009, all FERS employees are immediately eligible for agency contributions upon hire or rehire.

However, employees who take a financial hardship in-service withdrawal from their TSP accounts are not eligible to contribute to the TSP for six months after the withdrawal is disbursed. Therefore, employee contributions, including catch-up contributions, must stop for the six-month non-contribution period. In addition, Agency Matching Contributions will not be made, since the employee is not eligible to contribute to the TSP during this period. Agency Automatic (1%) Contributions will continue for FERS employees during this period. Employees are eligible to contribute to the TSP the first pay period after the end of the six-month non-contribution period. Resumption of employee contributions is not automatic; the employee must make an election to resume contributions to his or her account.

Employee Contributions:

TSP no longer restricts employee contributions to a percentage of pay for CSRS or FERS employees. However, the Internal Revenue Service (IRS) limits for "elective deferrals" will still apply. The IRS "elective deferral" limit for 2010 remains $16,500.

With the elimination of percentage contributions, FERS employees must be careful to structure their withholdings so that they can continue to invest through the calendar year before reaching the IRS Limit of $16,500. Personal contributions will end when the annual dollar limit is reached. This means that the matching agency contributions to FERS employees will also end. The agency provides matching contributions to FERS employee contributions up to 5% of the basic pay each pay period. The agency automatic 1% contribution would continue. The employee will receive an amount equal to 1% of their salary whether or not the FERS employees contribute their own money.

To avoid reaching the IRS Limit of $16,500 within the calendar year, FERS employees should divide $16,500 by 26 pay periods to produce a maximum contribution of $635.00 per pay period. This amount would allow for contributions throughout the calendar year. Exceeding the dollar limit early is not a consideration for investors under CSRS, who receive no government contributions in any case.

Catch-up Contributions:

Thrift Savings Plan participants who are age 50 and over or who turn 50 by December 31, 2010, and are contributing the maximum, (i.e., contributions will result in reaching the IRS “elective deferral” limit of $16,500 by the end of the calendar year) are eligible to make a supplemental tax-deferred contribution to the TSP. These “catch-up” contributions are in addition to regular TSP contributions. The maximum TSP Catch-up Contribution for 2010 is $5,500.

Catch-up contributions will be taken as a payroll deduction from basic pay each pay period. Contributions will be invested in the TSP funds according to the most recent contribution allocation. Employees may change, stop, or restart catch-up contributions at any time. Contributions will automatically stop when the maximum dollar limit allowed for catch-up contributions for the year is reached. Employees must make a new election each calendar year if catch-up contributions are to continue. The Department does not match catch-up contributions.

Those FERS employees wishing to have an even distribution of their catch-up contributions should divide $5,500 by 26 pay periods to produce a maximum contribution of $212.00 per pay period. This amount would allow for contributions throughout the calendar year. Exceeding the dollar limit early is not a consideration for investors under CSRS, who receive no government contributions in any case.

Questions concerning the TSP should be directed to the servicing human resources Office.

Questions concerning the use of Employee Self Service should be directed to ESSSupport@hq.doe.gov.