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FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

5 CFR Part 1655

Procedures for Applying Payments to Principal and Interest Upon Loan Reamortization

AGENCY: Federal Retirement Thrift Investment Board.

ACTION: Final rule.

SUMMARY: The Federal Retirement Thrift Investment Board (FRTIB) is amending a regulation to require the Thrift Savings Plan (TSP) record keeper to combine the accrued interest with the outstanding principal when reamortizing a loan.

DATES: The effective date is July 9, 2025.

FOR FURTHER INFORMATION CONTACT: *For press inquiries:* James Kaplan at (202) 465-5220. *For other inquiries:* Jessica Bradford at (202) 942-1600.

SUPPLEMENTARY INFORMATION: The FRTIB administers the TSP, which was established by the Federal Employees' Retirement System Act of 1986 (FERSA), Public Law 99-335, 100 Stat. 514. The TSP is a retirement savings plan for Federal civilian employees and members of the uniformed services. It is similar to cash or deferred arrangements established for private-sector employees under section 401(k) of the Internal Revenue Code (26 U.S.C. 401(k)). The provisions of FERSA that govern the TSP are codified, as amended, largely at 5 U.S.C. 8351 and 8401-80.

I. Background

FERSA permits participants to borrow from their TSP accounts if they meet certain conditions. Two types of loans are available to TSP participants: general purpose and primary residence loans, the maximum repayment periods of which are five and 15 years, respectively.

Prior to the TSP's transition to a new record keeper in 2022, participants could voluntarily reamortize their loans at any time and for any reason under 5

CFR 1655.16. On March 1, 2022, the FRTIB proposed to amend the rule to permit loan reamortization only if a participant's pay cycle changed (*i.e.*, a participant goes from a biweekly to a monthly pay cycle). No public comments were received on the proposed change, and the FRTIB finalized the rule on May 24, 2022 (87 FR 31674). In addition, under 5 CFR 1620.45, participant loans can be reamortized if a participant enters nonpay status.

II. Proposed Rule

On April 18, 2025, the FRTIB published a proposed rule with request for public comments in the **Federal Register** (90 FR 16469, April 18, 2025). Section 1655.16 of the Code of Federal Regulations defines certain required procedures to reamortize a TSP loan. Previously, under section 1655.16(b), the outstanding principal balance of a participant's loan remained the same upon reamortization, and any accrued interest would be paid first before payments were applied to principal and current interest.

The FRTIB proposed to require the TSP record keeper to combine the accrued interest with the outstanding principal when reamortizing a loan. Combining the accrued interest with the outstanding principal would align the TSP's procedures with the TSP record keeper's procedures for processing reamortized loan repayments. The difference between the legacy and proposed methods results in a negligible increase of the total cost of the loan. This change impacts approximately one percent of all TSP participant loans.

III. Response to Public Comments

We received six comments, all of which opposed the proposal. Several commenters expressed concern that the TSP record keeper would financially benefit from the change at the cost of TSP participants. One commenter expressed concern that the compounding of interest would result in significantly increased long-term costs for participants and a diminishment of the value of their retirement. We believe we can alleviate these concerns with clarification about the nature of TSP loans.

While the interest paid on the loan will increase due to the compounding of interest, 100 percent of a participant's repayment, which includes both the

principal and interest, is paid to his or her TSP account. Also, participants pay no additional loan fees for a reamortization. The TSP record keeper is paid no interest and receives no monetary benefit from a loan reamortization.

Another commenter expressed concern that a participant loan with a low interest rate could be reamortized at a higher interest rate. Pursuant to regulation section 1655.16(c), the interest rate on the reamortized loan does not change from the original terms of the loan. This amendment does not change that.

A commenter also expressed the view that participants who reamortize under this regulation are doing so because they have encountered financial hardship, and that combining the outstanding principal with the accrued interest would increase the amount of their loan repayment at a time of a participant's financial vulnerability. Implied in this view is that participants can voluntarily reamortize at any time, for any reason, and would only do so because they are in financial straits. However, participants cannot reamortize at any time. Rather, they can only reamortize after one of two triggers has occurred: their pay cycle changed, or they entered nonpay status. This rule does not change that.

Another commenter requested the TSP to revert to pre-transition rules that would permit voluntary reamortization of TSP loans at any time for any reason. This is beyond the scope of this regulation. As explained, a rule was proposed in 2022 to permit reamortization only in certain circumstances. The FRTIB received no comments in response to the proposed change and finalized the regulation in May 2022. That change became effective on June 1, 2022.

For the reasons described above, the FRTIB is adopting the proposed rule as final, without any substantive changes. Although the comments received did not cause us to make changes to the proposed rule, we carefully considered all comments received and appreciated the opportunity to understand participants' concerns.

Regulatory Flexibility Act

This final regulation will not have a significant economic impact on a substantial number of small entities. This regulation will affect Federal

employees and members of the uniformed services who participate in the TSP and who take out a loan from their TSP account and later have their loan reamortized. The change impacts approximately one percent of all participant loans in the TSP.

Paperwork Reduction Act

This final regulation does not require additional reporting under the criteria of the Paperwork Reduction Act.

Submission to Congress and the General Accountability Office

Pursuant to 5 U.S.C. 801(a)(1)(A), the FRTIB submitted a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Government Accountability Office before its publication in the **Federal Register**. This rule is not a major rule as defined at 5 U.S.C. 804(2).

Unfunded Mandates Reform Act of 1995

Pursuant to the Unfunded Mandates Reform Act of 1995, 2 U.S.C. 602, 632, 653, and 1501–1571, the effects of this regulation on State, local, and Tribal governments and the private sector have been assessed. This regulation will not compel the expenditure in any one year of \$100 million or more by State, local, and Tribal governments, in the aggregate, or by the private sector. Therefore, a statement under 2 U.S.C. 1532 is not required.

List of Subjects in 5 CFR Part 1655

Government employees, Loan programs, Pensions, Retirement.

Ravindra Deo,

Executive Director, Federal Retirement Thrift Investment Board.

For the reasons stated in the preamble, the FRTIB amends 5 CFR part 1655 as follows:

PART 1655—LOAN PROGRAM

- 1. The authority citation for part 1655 continues to read as follows:

Authority: 5 U.S.C. 8432d, 8433(g), 8439(a)(3) and 8474.

- 2. Amend § 1655.16 by revising paragraph (b) to read as follows:

§ 1655.16 Reamortization.

* * * * *

(b) Upon reamortization, the new principal balance of the loan will equal the outstanding principal on the date of

reamortization, plus any accrued interest.

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[FR Doc. 2025–12698 Filed 7–8–25; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2025–0099; Airspace Docket No. 24–ANM–124]

RIN 2120–AA66

Establishment of Class E Airspace; Ekalaka Airport, Ekalaka, MT

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action establishes Class E airspace extending upward from 700 feet above the surface of the earth at Ekalaka Airport, Ekalaka, MT. This action supports the safety and management of instrument flight rules (IFR) operations at the airport.

DATES: Effective date 0901 UTC, October 2, 2025. The Director of the Federal Register approves this incorporation by reference action under 1 CFR part 51, subject to the annual revision of FAA Order JO 7400.11 and publication of conforming amendments.

ADDRESSES: A copy of the notice of proposed rulemaking (NPRM), all comments received, this final rule, and all background material may be viewed online at www.regulations.gov using the FAA Docket number. Electronic retrieval help and guidelines are available on the website. It is available 24 hours each day, 365 days each year. An electronic copy of this document may also be downloaded from the Office of the Federal Register's website at www.federalregister.gov.

FAA Order JO 7400.11J, Airspace Designations and Reporting Points, and subsequent amendments can be viewed online at www.faa.gov/air_traffic/publications/. You may also contact the Rules and Regulations Group, Policy Directorate, Federal Aviation Administration, 600 Independence Avenue SW, Washington, DC 20597; telephone: (202) 267–8783.

FOR FURTHER INFORMATION CONTACT: Nathan A. Chaffman, Federal Aviation Administration, Western Service Center, Operations Support Group, 2200 S 216th Street, Des Moines, WA 98198; telephone (206) 231–3460.

SUPPLEMENTARY INFORMATION:

Authority for This Rulemaking

The FAA's authority to issue rules regarding aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106, describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the agency's authority. This rulemaking is promulgated under the authority described in Subtitle VII, Part A, Subpart I, Section 40103. Under that section, the FAA is charged with prescribing regulations to assign the use of the airspace necessary to ensure the safety of aircraft and the efficient use of airspace. This regulation is within the scope of that authority as it establishes Class E airspace to support IFR operations at Ekalaka Airport, Ekalaka, MT.

History

The FAA published an NPRM for Docket No. FAA–2025–0099 in the **Federal Register** (90 FR 20138; May 12, 2025), proposing to establish Class E airspace at Ekalaka Airport, Ekalaka, MT. Interested parties were invited to participate in this rulemaking effort by submitting written comments on the proposal to the FAA. One comment was received that provided a non-substantive remark.

Incorporation by Reference

Class E5 airspace areas are published in paragraph 6005 of FAA Order JO 7400.11, Airspace Designations and Reporting Points, which is incorporated by reference in 14 CFR 71.1 on an annual basis. This document amends the current version of that order, FAA Order JO 7400.11J, dated July 31, 2024, and effective September 15, 2024. These amendments will be published in the next update to FAA Order JO 7400.11. FAA Order JO 7400.11J, which lists Class A, B, C, D, and E airspace areas, air traffic service routes, and reporting points, is publicly available as listed in the **ADDRESSES** section of this document.

The Rule

The FAA is amending 14 CFR part 71 by establishing Class E airspace extending upward from 700 feet above the surface at Ekalaka Airport, Ekalaka, MT.

Class E airspace extending upward from 700 feet is established within a 3-mile radius of the airport with extensions to the southeast and northwest. The configuration will provide sufficient containment to the southeast for arriving IFR operations on the Global Positioning System (GPS) Runway (RWY) 31 approach below 1,500 feet above the surface and