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shall be forfeited to the TSP and used to offset administrative expenses.

§ 1600.37 Notice.

The TSP record keeper shall furnish all new employees and all rehired employees covered by the automatic enrollment program, and all employees described in paragraph (c) of §1600.34, covered by the automatic enrollment program a notice that accurately describes:

(a) That default employee contributions equal to 5 percent of the employee's basic pay will be deducted from the employee's pay and contributed to the employee's traditional TSP balance on the employee's behalf if the employee does not make an affirmative contribution election;

(b) The employee's right to elect to not have default employee contributions made to the TSP on the employee's behalf, to elect to have a different percentage or amount of basic pay contributed to the TSP, or to make Roth contributions;

(c) The TSP core fund in which the default employee and agency contributions will be invested unless the employee makes an investment election;

(d) The employee's ability (or inability) to request a refund of any default employee contributions (adjusted for allocable gains and losses) and the procedure to request such a refund; and

(e) That an investment in any fund other than the G Fund is made at the employee's risk, that the employee is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor the Board guarantees any return on the investment.

[75 FR 43800, July 27, 2010, as amended at 77 FR 26424, May 4, 2012; 80 FR 52173, Aug. 28, 2015; 82 FR 60103, Dec. 19, 2017; 85 FR 57666, Sept. 16, 2020; 87 FR 31673, May 24, 2022]

PART 1601—PARTICIPANTS' CHOICES OF TSP FUNDS

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AUTHORITY: 5 U.S.C. 8351, 8432d, 8438, 8474(b)(5) and (c)(1).

SOURCE: 66 FR 22093, May 2, 2001, unless otherwise noted.

Subpart A—General

§ 1601.1 Definitions.

(a) Definitions generally applicable to the Thrift Savings Plan are set forth at 5 CFR 1690.1.

(b) As used in this part:

Acknowledgment of risk means an acknowledgment that any investment in a TSP core fund other than the G Fund is made at the participant's risk, that the participant is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor the Board guarantees any return on the investment.

Fund reallocation means the total redistribution of a participant's existing account balance among the TSP core funds.

Fund transfer means either:

(i) The transfer of money from one or more TSP core fund(s) to another TSP core fund(s); or

(ii) The transfer of money from the TSP core funds to the mutual fund window (and vice versa).

[68 FR 35495, June 13, 2003, as amended at 70 FR 32207, June 1, 2005; 87 FR 31673, May 24, 2022]

Subpart B—Investing Future Deposits

SOURCE: 87 FR 31674, May 24, 2022, unless otherwise noted.

§ 1601.11 Applicability.

This subpart applies only to the investment of future deposits to the TSP core funds, including contributions, loan payments, and rollovers from traditional IRAs and eligible employer plans; it does not apply to fund re-allocations or fund transfers within the TSP core funds, which is covered in subpart C of this part, or fund transfers to and from the mutual fund window, which is covered in subpart F of this part.

§ 1601.12 Investing future deposits in the TSP core funds.

(a) *Allocation.* Future deposits in the TSP, including contributions, loan payments, and rollovers from traditional IRAs and eligible employer plans, will be allocated among the TSP core funds based on the most recent investment election on file for the participant.

(b) *TSP core funds availability.* All participants may elect to invest all or any portion of their deposits in any of the TSP core funds.

§ 1601.13 Elections.

(a) *Investment election.* Each participant may indicate his or her choice of TSP core funds for the allocation of future deposits in the form and manner prescribed by the TSP record keeper. Paragraphs (a)(1) through (5) of this section apply to investment elections:

(1) Investment elections must be made in one percent increments. The sum of the percentages elected for all of the TSP core funds must equal 100 percent.

(2) The percentage elected by a participant for investment of future deposits in a TSP core fund will be applied to all sources of contributions and rollovers from traditional IRAs and eligible employer plans. A participant may not make different percentage elections for different sources of contributions.

(3) The following default investment rules shall apply to civilian participants:

(i) All deposits made on behalf of a civilian participant enrolled prior to September 5, 2015, who does not have an investment election in effect will be invested in the G Fund. A civilian participant who is enrolled prior to September 5, 2015, and subsequently rehired on or after September 5, 2015, and has a positive account balance will be considered enrolled prior to September 5, 2015 for purposes of this paragraph (a)(3)(i); and

(ii) All deposits made on behalf of a civilian participant first enrolled on or after September 5, 2015, who does not have an investment election in effect will be invested in the age-appropriate TSP Lifecycle Fund.

(iii) A civilian participant enrolled prior to September 5, 2015, who elects for the first time to invest in a TSP core fund other than the G Fund must execute an acknowledgement of risk in accordance with § 1601.33.

(4) The default investment rule in paragraphs (a)(4)(i) through (iv) of this section apply to uniformed services participants:

(i) All deposits made on behalf of a uniformed services participant who first entered service prior to January 1, 2018, has not elected to be covered by BRS, and does not have an investment election in effect will be invested in the G Fund.

(ii) All deposits made on behalf of a uniformed services participant who first entered service on or after January 1, 2018, and who does not have an investment election in effect will be invested in the age-appropriate TSP Lifecycle Fund.

(iii) If a uniformed services participant makes an election to be covered by BRS as described in 5 CFR 1600.14

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and does not have an investment election in effect at the time of the election, then all deposits made after the date of such election will be invested in the age-appropriate TSP Lifecycle Fund. Deposits made prior to the date of the election will remain invested in the G Fund.

(iv) A uniformed services participant who first entered service prior to January 1, 2018, and has not made an election to be covered by the BRS who elects for the first time to invest in a TSP core fund other than the G Fund must execute an acknowledgement of risk in accordance with §1601.33.

(5) Once an investment election becomes effective, it remains in effect until it is superseded by a subsequent investment election or the participant's account balance is reduced to zero. If a rehired participant has a positive account balance and an investment election in effect, then the participant's investment election will remain in effect until a new election is made. If, however, the participant (other than a participant described in paragraph (a)(4)(i) of this section) has a zero account balance, then the participant's contributions will be allocated to the age-appropriate TSP Lifecycle Fund until a new investment election is made.

(b) *Effect of rejection of investment election.* If a participant does not correctly complete an investment election, the attempted investment election will have no effect. The TSP record keeper will provide the participant with a written statement of the reason the transaction was rejected.

(c) *Contribution elections.* A participant may designate the amount or type of employee contributions he or she wishes to make to the TSP or may stop contributions only in accordance with 5 CFR part 1600.

Subpart C—Fund Reallocations and Fund Transfers

SOURCE: 87 FR 31674, May 24, 2022, unless otherwise noted.

§ 1601.21 Applicability.

This subpart applies only to fund reallocations and fund transfers involving the movement of money from TSP

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core fund to one (or more) TSP core fund(s); it does not apply to the investment of future deposits, which is covered in subpart B of this part, nor does it apply to fund transfers involving the movement of money from the TSP core funds to the mutual fund window (and vice versa), which is covered in subpart F of this part.

§ 1601.22 Methods of requesting a fund reallocation.

(a) Participants may make a fund reallocation in the form and manner prescribed by the TSP record keeper. Paragraphs (a)(1) and (2) of this section apply to a fund reallocation request:

(1) Fund reallocation requests must be made in whole percentages (one percent increments). The sum of the percentages elected for all of the TSP core funds must equal 100 percent.

(2) The percentages elected by the participant will be applied to the balances in each source of contributions and to both traditional and Roth balances and tax-deferred and tax-exempt balances on the effective date of the fund reallocation.

(b) A fund reallocation request has no effect on deposits made after the effective date of the fund reallocation request; subsequent deposits will continue to be allocated among the TSP core funds in accordance with the participant's investment election made under subpart B of this part.

(c) If a fund reallocation is found to be invalid pursuant to §1601.34, the purported fund reallocation will not be made.

§ 1601.23 Methods of requesting a fund transfer.

(a) Participants may make a fund transfer from one or more TSP core fund to a different TSP core fund(s) in the form and manner prescribed by the TSP record keeper. Paragraphs (a)(1) and (2) of this section apply to a fund transfer request:

(1) Fund transfer requests when selecting the TSP core funds to transfer out of, may be made in whole percentages or in dollars. When selecting the TSP core funds to transfer into, elections must be made in whole percentages (one percent increments). The sum of the percentages elected to transfer

into for all of the TSP core funds must equal 100 percent.

(2) The percentages elected by the participant will be applied to the balances in each source of contributions and to both traditional and Roth balances and tax-deferred and tax-exempt balances on the effective date of the fund transfer.

(b) A fund transfer request has no effect on deposits made after the effective date of the fund transfer request; subsequent deposits will continue to be allocated among the TSP core funds in accordance with the participant's investment election made under subpart B of this part.

(c) If a fund transfer is found to be invalid pursuant to §1601.34, the purported fund transfer will not be made.

Subpart D—Investment Elections and Fund Reallocation and Fund Transfer Requests

SOURCE: 87 FR 31675, May 24, 2022, unless otherwise noted.

§ 1601.31 Applicability.

This subpart applies to investment elections made under subpart B of this part, fund reallocations and fund transfers made under subpart C of this part, and fund transfers made under subpart F of this part.

§ 1601.32 Timing and posting dates.

(a) *Posting dates.* The date on which an investment election or fund reallocation or fund transfer request (transaction request) is processed is subject to a number of factors, including some that are outside of the control of the TSP, such as power outages, the failure of telephone service, unusually heavy transaction volume, and acts of God. These factors also could affect the availability of the TSP website and the ThriftLine. Therefore, the TSP cannot guarantee that a transaction request will be processed on a particular day. However, the TSP will process transaction requests under ordinary circumstances described in paragraphs (a)(1) through (4) of this section:

(1) A transaction request other than an investment election request entered

into the TSP record keeping system by a participant who uses the TSP website or the ThriftLine, before 12 noon eastern time of any business day, will ordinarily be posted that business day. A transaction request other than an investment election request entered into the system at or after 12 noon eastern time of any business day will ordinarily be posted on the next business day. A transaction request that is an investment election request will ordinarily be posted immediately and be effective the next business day.

(2) A transaction request made on the TSP website or the ThriftLine on a non-business day will ordinarily be posted on the next business day.

(3) A transaction request made on a paper TSP form will ordinarily be posted under the rules in paragraph (a)(1) of this section, based on when the TSP record keeper enters the form into the TSP system. The TSP record keeper ordinarily enters such forms into the system within 48 hours of their receipt.

(4) In most cases, the share price(s) applied to a fund reallocation or fund transfer request is the value of the shares on the date the relevant transaction is posted. In some circumstances, such as error correction, the share price(s) for an earlier date will be used.

(b) *Limit.* There is no limit on the number of investment election requests. A participant may make a total of two unrestricted fund reallocations and/or fund transfers per account (*e.g.*, civilian or uniformed services), per calendar month. A fund reallocation or fund transfer will count toward the monthly total on the date posted by the TSP record keeper and not on the date requested by a participant. After a participant has made a total of two fund reallocations and/or fund transfers in a calendar month, the participant may make additional fund reallocations or fund transfers only into the G Fund until the first day of the next calendar month.

§ 1601.33 Acknowledgment of risk.

(a) Uniformed services participants who first entered service prior to January 1, 2018, and who have not elected to be covered by BRS and civilian participants who enrolled prior to September

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5, 2015, must execute an acknowledgment of risk in order to invest in a TSP core fund other than the G Fund. If a required acknowledgment of risk has not been executed, no transactions involving the fund(s) for which the acknowledgment is required will be accepted.

(b) The acknowledgment of risk may be executed in association with an investment election, a fund reallocation, or a fund transfer in the form and manner prescribed by the TSP record keeper.

§ 1601.34 Error correction.

Errors in processing investment elections and fund reallocation or fund transfer requests, or errors that otherwise cause money to be invested in the wrong investment fund, will be corrected in accordance with the error correction regulations found at 5 CFR part 1605.

Subpart E—Lifecycle Funds

§ 1601.40 Lifecycle Funds.

The Executive Director will establish TSP Lifecycle Funds, which are target date asset allocation portfolios. The TSP Lifecycle Funds will invest solely in the funds established pursuant to 5 U.S.C. 8438(b)(1)(A)–(E).

[87 FR 31675, May 24, 2022]

Subpart F—Mutual Fund Window

SOURCE: 87 FR 27922, May 10, 2022, unless otherwise noted.

§ 1601.51 Applicability.

This subpart applies only to the transfer of amounts between the TSP core funds and the mutual fund window; it does not apply to the investment of future deposits, which is covered in subpart B of this part, or fund reallocations or fund transfers among the TSP core funds, which is covered in subpart C of this part.

§ 1601.52 Fund transfers.

(a) *Fund transfers into mutual fund window.* A participant may elect to make one or more fund transfers to the mutual fund window from the portion of his or her TSP balance invested in

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the TSP core funds, subject to the following rules:

(1) The participant must establish a mutual fund window account that is separate from his or her TSP account. A participant with more than one TSP account may establish a separate mutual fund window account for each TSP account, and the limitations and fees described in subpart will apply separately to each account;

(2) If the participant does not have an acknowledgment of risk on file as of the date of his or her initial fund transfer request to the mutual fund window, the participant must complete an acknowledgment of risk for the fund transfer to be processed;

(3) Fund transfers must be made in whole dollar increments (percentages are not permitted);

(4) The following limitations must be satisfied:

(i) A participant's initial fund transfer into his or her mutual fund window account must be at least \$10,000 and may not exceed 25 percent of the participant's TSP account balance, as of the date of such transfer; and

(ii) Subsequent fund transfers into a participant's mutual fund window account may not cause the balance in the participant's mutual fund window account to exceed 25 percent of the participant's total TSP balance, as of the date of any such transfer;

(5) Each fund transfer into the mutual fund window counts toward the monthly limit set forth in §1601.32(b);

(6) Amounts transferred to a participant's mutual fund window account will initially be invested in a sweep money market fund. Subsequently, the participant may direct the investment of the transferred amounts into any mutual fund(s) that are available through the mutual fund window;

(7) Fund transfers are subject to the fees set forth in §1601.53; and

(8) A participant may not withdraw funds directly from his or her mutual fund window account. To make a withdrawal, the participant must elect a fund transfer back to the TSP core funds as described in paragraph (b) of this section. Upon completion of such fund transfer, the participant may make a withdrawal in accordance with 5 CFR part 1650.

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(b) *Fund transfers back to TSP core funds.* A participant may elect to make a fund transfer to the TSP core funds from amounts invested in his or her mutual fund window account, subject to the following rules:

(1) Fund transfers must be made in whole dollar increments (percentages are not permitted);

(2) Amounts to be transferred from a participant's mutual fund window account to the TSP core funds must first be transferred to the sweep money market fund. Subsequently, the participant may direct the investment of the transferred amounts into the TSP core funds;

(3) Each fund transfer back to the TSP core funds from the mutual fund window account counts toward the monthly limit set forth in §1601.32(b); except, however, that a participant may always elect a fund transfer from the mutual fund window account to the G Fund; and

(4) Fund transfers are subject to the fees set forth in §1601.53.

(c) *Forced transfers.* The TSP record keeper will force a transfer from the participant's mutual fund window account to the TSP core funds in the following situations, and subject to the following rules:

(1) A forced transfer may occur if the balance invested in the TSP core funds is insufficient to cover:

(i) Amounts necessary to comply with a court order, legal process, or levy described in 5 CFR part 1653;

(ii) A beneficiary asset transfer;

(iii) A required minimum distribution;

(iv) An automatic cash out distribution; or

(v) Any other payment or transfer that the Board is required by law to make from the participant's TSP account balance;

(2) The amount of the forced transfer shall be equal to the amount of the insufficiency described in paragraph (c)(1) of this section, plus \$1,000; except, however, that if the participant's mutual fund window account balance is less than \$25,000, the entire mutual fund window account balance shall be transferred to the TSP core funds;

(3) Forced transfers shall be liquidated from the participant's mutual

fund window account first from amounts held in the sweep money market fund; and then from amounts invested in mutual funds, beginning with the position with the highest balance;

(4) Forced transfers from a participant's mutual fund window account to the TSP core funds shall be invested according to the participant's existing contribution allocation; and

(5) The participant shall be responsible for any fees incurred as a result of the forced transfer.

§ 1601.53 Fees.

(a) The Board will allocate a portion of the TSP's administrative expenses to mutual fund users by charging an administrative fee of \$55.00 annually. The amount of this fee will be redetermined once every three years by multiplying the average mutual fund window account balance by the TSP administrative expense ratio, as of the date of redetermination.

(b) The fee described in paragraph (a) of this section is in addition to any mutual fund window account maintenance fees, trading fees, and fees and expenses associated with the specific mutual fund(s) in which the participant chooses to invest.

PART 1603—VESTING

Sec.

1603.1 Definitions.

1603.2 Basic vesting rules.

1603.3 Service requirements.

AUTHORITY: 5 U.S.C. 8432(g), 8432b(h)(1), 8474(b)(5) and (c)(1).

SOURCE: 52 FR 29835, Aug. 12, 1987, unless otherwise noted.

§ 1603.1 Definitions.

(a) Definitions generally applicable to the Thrift Savings Plan are set forth at 5 CFR 1690.1.

(b) As used in this part:

Civilian service means:

(1) Any non-military service that is creditable under either 5 U.S.C. chapter 83, subchapter III, or 5 U.S.C. 8411. However, that service is to be determined without regard to any time limitations, any deposit or redeposit requirements contained in those statutory provisions after performing the service involved, or any requirement