

## Federal Retirement Thrift Investment Board

## § 1640.4

31 U.S.C. 3720D and 31 CFR 285.11. This subpart adopts and incorporates all of the provisions of 31 CFR 285.11 concerning administrative wage garnishment, including the hearing procedures described in 31 CFR 285.11(f). This section does not apply to collection of debt by Federal salary offset, under 5 U.S.C. 5514, the process by which the Board collects debts from the salaries of Federal employees.

(b) [Reserved]

### PART 1640—PERIODIC PARTICIPANT STATEMENTS

Sec.

- 1640.1 Definitions.
- 1640.2 Information regarding account.
- 1640.3 Statement of individual account.
- 1640.4 Account transactions.
- 1640.5 TSP core fund information.
- 1640.6 Methods of providing information.

AUTHORITY: 5 U.S.C. 8439(c)(1) and (c)(2), 5 U.S.C. 8474(b)(5) and (c)(1).

SOURCE: 68 FR 35501, June 13, 2003, unless otherwise noted.

#### § 1640.1 Definitions.

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

#### § 1640.2 Information regarding account.

The TSP or its record keeper will provide to each participant four (4) times each calendar year the information described in §§1640.3, 1640.4, and 1640.5. Plan participants can obtain account balance information on a more frequent basis from the TSP Web site and the ThriftLine.

[68 FR 35501, June 13, 2003, as amended at 87 FR 31680, May 24, 2022]

#### § 1640.3 Statement of individual account.

In the quarterly statements, the TSP or its record keeper will furnish each participant with the following information concerning the participant's individual account:

- (a) Name and account number under which the account is established.
- (b) Statement whether the participant has a beneficiary designation on file with the TSP record keeper.

(c) Investment election that is current at the end of the statement period.

(d) Beginning and ending dates of the period covered by the statement.

(e) The following information for and, as of the close of business on the ending date of, the period covered by the statement:

- (1) The total account balance and tax-exempt balance, if applicable;
- (2) The account balance for each source of contributions;
- (3) The account balance and activity in each TSP core fund, including the dollar amount of the transaction, the share price, and the number of shares;
- (4) Loan information and activity, if applicable; and
- (5) The mutual fund window account balance, if applicable.

(f) Any other information concerning the account that the Executive Director determines should be included in the statement.

[87 FR 31680, May 24, 2022]

#### § 1640.4 Account transactions.

(a) Where relevant, the following transactions will be reported in each individual account statement:

- (1) Contributions;
- (2) Withdrawals;
- (3) Forfeitures;
- (4) Loan disbursements and repayments;
- (5) Fund reallocations and fund transfers among TSP core funds;
- (6) Adjustments to prior transactions;
- (7) Rollovers from traditional individual retirement accounts (IRAs) and eligible employer plans within the meaning of section 402(c) of the Internal Revenue Code (26 U.S.C. 402(c)); and
- (8) Any other transaction that the Executive Director determines will affect the status of the individual account.

(b) Where relevant, the statement will contain the following information concerning each transaction identified in paragraph (a) of this section:

- (1) Type of transaction;
- (2) TSP core funds affected;
- (3) Amount of the transaction (in dollars); and

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(4) Any other information the Executive Director deems relevant.

[87 FR 31680, May 24, 2022]

### § 1640.5 TSP core fund information.

The TSP or its record keeper will provide to each participant each calendar year information concerning each of the TSP core funds, including:

(a) A summary description of the type of investments made by the fund, written in a manner that will allow the participant to make an informed decision; and

(b) The performance history of the type of investments made by the fund, covering the five-year period preceding the date of the evaluation.

[87 FR 31680, May 24, 2022]

### § 1640.6 Methods of providing information.

The TSP or its record keeper will furnish the information described in this part to participants by making it available on the TSP website. A participant can request paper copies of that information by calling the ThriftLine, submitting a request through the TSP website, or by writing to the TSP record keeper.

[87 FR 31680, May 24, 2022]

## PART 1645—CALCULATION OF SHARE PRICES

Sec.

1645.1 Definitions.

1645.2 Posting of transactions.

1645.3 Calculation of total net earnings for each TSP core fund.

1645.4 Administrative expenses attributable to each TSP core fund.

1645.5 Calculation of share prices.

1645.6 Basis for calculation of share prices.

AUTHORITY: 5 U.S.C. 8439(a)(3) and 8474.

SOURCE: 68 FR 35502, June 13, 2003, unless otherwise noted.

### § 1645.1 Definitions.

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

(b) As used in this part:

*Accrued* means that income is accounted for when earned and expenses are accounted for when incurred.

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*Administrative expenses* means expenses described in 5 U.S.C. 8437(c)(3).

*Basis* means the number of shares of an investment fund upon which the calculation of a share price is based.

*Business day* means any calendar day for which share prices are calculated.

*Forfeitures* means amounts forfeited to the TSP pursuant to 5 U.S.C. 8432(g)(2) and other non-statutory forfeited amounts, net of restored forfeited amounts.

### § 1645.2 Posting of transactions.

Contributions, loan payments, loan disbursements, withdrawals, fund reallocations, fund transfers, and other transactions will be posted in dollars and in shares by source and by TSP core fund to the appropriate individual account by the TSP record keeper, using the share price for the date the transaction is posted.

[87 FR 31680, May 24, 2022]

### § 1645.3 Calculation of total net earnings for each TSP core fund.

(a) Each business day, net earnings will be calculated separately for each TSP core fund.

(b) Net earnings for each fund will equal:

(1) The sum of the following items, if any, accrued since the last business day:

(i) Interest on money of that fund which is invested in the Government Securities Investment Fund;

(ii) Interest on other short-term investments of the fund;

(iii) Other income (such as dividends, interest, or securities lending income) on investments of the fund; and

(iv) Capital gains or losses on investments of the fund, net of transaction costs.

(2) Minus the accrued administrative expenses of the fund, determined in accordance with § 1645.4.

(c) The net earnings for each TSP core fund determined in accordance with paragraph (b) of this section will be added to the residual net earnings for that fund from the previous business day, as described in § 1645.5(b), to produce the total net earnings. The

total net earnings will be used to calculate the share price for that business day.

[70 FR 32214, June 1, 2005, as amended at 87 FR 31681, May 24, 2022]

**§ 1645.4 Administrative expenses attributable to each TSP core fund.**

A portion of the administrative expenses accrued during each business day will be charged to each TSP core fund. A fund's respective portion of administrative expenses will be determined as follows:

(a) Accrued administrative expenses (other than those described in paragraph (b) of this section) will be reduced by:

(1) Accrued forfeitures;

(2) The fees described in §§ 1601.53(a) (relating to the mutual fund window), 1655.21 (relating to loans), 1653.6 (relating to retirement benefits court orders), and 1653.16 (relating to child support court orders) of this chapter; and

(3) Accrued earnings on forfeitures, abandoned accounts, unapplied deposits, and fees described in paragraph (a)(2) of this section.

(b) Investment management fees and other accrued administrative expenses attributable only to a particular fund will be charged solely to that fund.

(c) The amount of accrued administrative expenses not covered by forfeitures, fees, and earnings under paragraph (a) of this section, and not described in paragraph (b) of this section, will be charged on a pro rata basis to all TSP core funds, based on the respective fund balances on the last business day of the prior month end.

[70 FR 32214, June 1, 2005, as amended at 87 FR 31681, May 24, 2022]

**§ 1645.5 Calculation of share prices.**

(a) *Calculation of share price.* The share price for each TSP core fund for each business day will apply to all sources of contributions for that fund. The total net earnings (as computed under § 1645.3) for each fund will be divided by the total fund basis (as computed under § 1645.6) for that fund. The resulting number, computed to ten decimal places, represents the incremental change in the value of that fund from the last business day to the current

business day. The share price for that fund for the current business day is the sum of the incremental change in the share price for the current business day plus the share price for the prior business day, truncated to four decimal places.

(b) *Residual net earnings.* When the total net earnings for each business day for each TSP Fund are divided by the total fund basis in that fund, there will be residual net earnings attributable to the truncation described in paragraph (a) of this section which will not be included in the incremental change in the share price of the fund for that business day. The residual net earnings that are not included in the incremental share price for the fund may be added to the earnings for that fund on the next business day.

[70 FR 32214, June 1, 2005, as amended at 87 FR 31681, May 24, 2022]

**§ 1645.6 Basis for calculation of share prices.**

The total fund basis for a TSP core fund will be the sum of the number of shares in all individual accounts from all sources of contributions in that fund as of the opening of business on each business day.

[70 FR 32215, June 1, 2005, as amended at 87 FR 31681, May 24, 2022]

**PART 1650—METHODS OF WITHDRAWING FUNDS FROM THE THRIFT SAVINGS PLAN**

**Subpart A—General**

Sec.

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- 1650.2 Eligibility and general rules for a TSP withdrawal.
- 1650.3 Frozen accounts.
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- 1650.5 Returned funds.
- 1650.6 Deceased participant.

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- 1650.61 Spousal rights applicable to post-employment withdrawals.
- 1650.62 Spousal rights applicable to in-service withdrawals.
- 1650.63 Executive Director's exception to the spousal notification requirement.
- 1650.64 Executive Director's exception to the spousal consent requirement.

AUTHORITY: 5 U.S.C. 8351, 8432d, 8433, 8434, 8435, 8474(b)(5) and 8474(c)(1).

SOURCE: 68 FR 35503, June 13, 2003, unless otherwise noted.

**Subpart A—General**

**§ 1650.1 Definitions.**

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

(b) As used in this part:

*In-service withdrawal* means an age-based or financial hardship withdrawal from the TSP that may be available to a participant who has not yet separated from Government service.

*Post-employment distribution* means a distribution from the TSP that is available to a participant who is separated from Government service.

*Required beginning date* means the required beginning date as defined in Internal Revenue Code section 401(a)(9)

and the regulations and guidance promulgated thereunder.

*Required minimum distribution* means the amount required to be distributed to a participant beginning on the required beginning date and every year thereafter pursuant to Internal Revenue Code section 401(a)(9) and the regulations promulgated thereunder, as applicable.

*TSP withdrawal* means a post-employment distribution and/or an in-service withdrawal.

[68 FR 35503, June 13, 2003, as amended at 70 FR 32215, June 1, 2005; 84 FR 46420, Sept. 4, 2019; 85 FR 40570, July 7, 2020; 87 FR 31681, May 24, 2022]

**§ 1650.2 Eligibility and general rules for a TSP withdrawal.**

(a) A participant who is separated from Government service can elect a distribution of all or a portion of his or her account balance by one or a combination of the distribution methods described in subpart B of this part.

(b) A post-employment distribution will not be paid unless TSP records indicate that the participant is separated from Government service. The TSP record keeper will, when possible, cancel a pending post-employment distribution election upon receiving information from an employing agency that a participant is no longer separated.

(c) A participant cannot make a full post-employment distribution of his or her account until any outstanding TSP loan has either been repaid in full or declared to be a loan foreclosure. An outstanding TSP loan will not affect a participant's eligibility for a partial post-employment distribution or an in-service withdrawal.

(d) A separated participant who is reemployed in a position in which he or she is eligible to participate in the TSP is subject to the following rules:

(1) A participant who is reemployed in a TSP-eligible position on or before the 31st full calendar day after separation is not eligible to withdraw his or her TSP account in accordance with subpart B of this part.

(2) A participant who is reemployed in a TSP-eligible position more than 31 full calendar days after separation and

who made a post-employment withdrawal while separated may not withdraw any remaining portion of his or her account balance in accordance with subpart B of this part until he or she again separates from Government service.

(e) A participant who has not separated from Government service may be eligible to withdraw all or a portion of his or her account in accordance with subparts D and E of this part.

(f) A participant can elect to have any portion of a single or installment payment that is not rolled over to an eligible employer plan, traditional IRA, or Roth IRA deposited directly, by electronic funds transfer (EFT), into a savings or checking account at a financial institution in the United States.

(g) If a participant has a civilian TSP account and a uniformed services TSP account, the rules in this part apply to each account separately. For example, the participant is eligible to make four age-based in-service withdrawals from the civilian account and four age-based in-service withdrawals from the uniformed services account per calendar year. A separate withdrawal request must be made for each account.

(h) A participant may elect to have his or her TSP withdrawal distributed from the participant's traditional balance only, Roth balance only, or pro rata from the participant's traditional and Roth balances. Any distribution from the traditional balance will be prorated between the tax-deferred balance and any tax-exempt balance. Any distribution from the Roth balance will be prorated between contributions in the Roth balance and earnings in the Roth balance. In addition, all TSP withdrawals will be distributed pro rata from all TSP core funds in which the participant's account is invested. All prorated amounts will be based on the balances in each TSP core fund or source of contributions on the day the TSP withdrawal is processed.

[68 FR 35503, June 13, 2003, as amended at 77 FR 26426, May 4, 2012; 84 FR 46420, Sept. 4, 2019; 87 FR 31681, May 24, 2022]

#### § 1650.3 Frozen accounts.

(a) All distributions from the TSP are subject to the rules relating to

spousal rights (found in subpart G of this part) and to domestic relations orders, alimony and child support legal process, and child abuse enforcement orders (found in 5 CFR part 1653).

(b) A participant may not take a distribution of any portion of his or her account balance if the account is frozen due to a pending retirement benefits court order, an alimony or child support enforcement order, or a child abuse enforcement order, or because a freeze has been placed on the account by the TSP record keeper for another reason.

[87 FR 31681, May 24, 2022]

#### § 1650.4 Certification of truthfulness.

By completing a TSP withdrawal request, the participant certifies, under penalty of perjury, that all information provided to the TSP record keeper during the withdrawal process is true and complete, including statements concerning the participant's marital status and, where applicable, the spouse's email or physical address at the time the application is filed or the current spouse's consent to the withdrawal.

[87 FR 31681, May 24, 2022]

#### § 1650.5 Returned funds.

If a TSP withdrawal is returned as undeliverable, the TSP record keeper will attempt to locate the participant. If the participant does not respond within 90 days, the returned funds will be forfeited to the TSP. The participant can claim the forfeited funds, although they will not be credited with TSP investment fund returns.

[87 FR 31681, May 24, 2022]

#### § 1650.6 Deceased participant.

(a) The TSP record keeper will cancel a pending TSP withdrawal request if it receives notice, in the form and manner prescribed by the TSP record keeper, that a participant is deceased. The TSP record keeper will also cancel an annuity purchase made on or after the participant's date of death but before annuity payments have begun, and the annuity vendor will return the funds to the TSP.

(b) If the TSP record keeper processes a TSP withdrawal request before

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being notified that a participant is deceased, the funds cannot be returned to the TSP.

[87 FR 31681, May 24, 2022]

### Subpart B—Post-Employment Withdrawals

#### § 1650.11 Post-employment distribution elections.

(a) Subject to the restrictions in this subpart, participants may elect a distribution of all or a portion of their TSP accounts in a single payment, a series of installment payments, a life annuity, or any combination of these options.

(b) If a participant's account balance is less than \$5.00 when he or she separates from Government service, the balance will automatically be forfeited to the TSP. The participant can reclaim the money by contacting the TSP record keeper and requesting the amount that was forfeited; however, TSP investment earnings will not be credited to the account after the date of the forfeiture.

(c) Provided that the participant has not submitted a post-employment distribution election prior to the date the automatic payment is processed, if a participant's vested account balance is less than \$200 when he or she separates from Government service, the TSP record keeper will automatically pay the balance in a single payment to the participant at his or her TSP address of record. The participant will not be eligible for any other payment option or be allowed to remain in the TSP.

[87 FR 31682, May 24, 2022, as amended at 89 FR 18534, Mar. 14, 2024]

#### § 1650.12 Single payment.

Provided that, in the case of a partial distribution, the amount elected is not less than \$1,000, a participant can elect a distribution of all or a portion of his or her account balance in a single payment.

[87 FR 31682, May 24, 2022]

#### § 1650.13 Installment payments.

(a) A participant can elect a distribution of all or a portion of the account balance in a series of substantially

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equal installment payments, to be paid on a monthly, quarterly, or annual basis in one of the following manners:

(1) *A specific dollar amount.* The amount elected must be at least \$25 per installment; if the amount elected is less than \$25 per installment, the request will be rejected. Payments will be made in the amount requested each installment period.

(2) An installment payment amount calculated based on life expectancy. Payments based on life expectancy are determined using the factors set forth in the Internal Revenue Service life expectancy tables codified at 26 CFR 1.401(a)(9)–9(b) and (c). The installment payment amount is calculated by dividing the account balance by the factor from the IRS life expectancy tables based upon the participant's age as of his or her birthday in the year payments are to begin. This amount is then divided by the number of installment payments to be made per calendar year to yield the installment payment amount. In subsequent years, the installment payment amount is recalculated in January by dividing the prior December 31 account balance by the factor in the IRS life expectancy tables based upon the participant's age as of his or her birthday in the year payments will be made. There is no minimum amount for an installment payment calculated based on this method.

(b) A participant can make the following changes at any time as described in §1650.17(c):

(1) A participant receiving installment payments calculated based on life expectancy can elect to change to fixed dollar installment payments;

(2) A participant receiving installment payments based on a fixed dollar amount can elect to stop these payments and make a new election to receive installment payments calculated based on life expectancy;

(3) A participant receiving installment payments based on a fixed dollar amount can elect to change the amount of his or her fixed payments; and

(4) A participant receiving fixed dollar installment payments can elect to change the frequency of his or her installment payments.

(c) If a participant elects to receive installments pro rata from his or her traditional and Roth balances, installment payments will be made until the participant's entire account balance is expended, unless the participant elects to change or stop installment payments as described in in §1650.17(c). If a participant elects to receive installment payments from his or her traditional balance only or Roth balance only, installment payments will automatically continue from the non-elected balance once the elected balance has been expended, unless the participant elects to change or stop installment payments as described in §1650.17(c).

(d) A participant receiving installment payments, regardless of the calculation method, can elect at any time to receive the remainder or part of his or her account balance in a single payment.

(e) A participant may only have one installment payment series in place at a time.

(f) A participant receiving installment payments may change the investment of his or her account balance among the TSP core funds and may invest through the mutual fund window as provided in 5 CFR part 1601.

(g) Upon receiving information from an employing agency that a participant receiving installment payments is no longer separated, the TSP record keeper will cancel all pending and future installment payments.

[84 FR 46420, Sept. 4, 2019, as amended at 85 FR 57666, Sept. 16, 2020; 85 FR 76420, Nov. 30, 2020; 87 FR 31682, May 24, 2022]

#### § 1650.14 Annuities.

(a) A participant electing a post-employment distribution can use all or a portion of his or her total account balance, traditional balance only, or Roth balance only to purchase a life annuity.

(b) If a participant has a traditional balance and a Roth balance and elects to use all or a portion of his or her total account balance to purchase a life annuity, the TSP record keeper must purchase two separate annuity contracts for the participant: One from the portion of the withdrawal distributed from his or her traditional balance and one from the portion of the withdrawal

distributed from his or her Roth balance.

(c) A participant cannot elect to purchase an annuity contract with less than \$3,500.

(d) Unless an amount must be paid directly to the participant to satisfy any applicable minimum distribution requirement of the Internal Revenue Code, the TSP record keeper will purchase the annuity contract(s) from the TSP's annuity vendor using the participant's entire account balance or the portion specified. In the event that a minimum distribution is required by section 401(a)(9) of the Internal Revenue Code before the date of the first annuity payment, the TSP record keeper will compute that amount prior to purchasing the annuity contract(s) and pay it directly to the participant.

(e) An annuity will provide a payment for life to the participant and, if applicable, to the participant's survivor, in accordance with the type of annuity chosen. The TSP annuity vendor will make the first annuity payment approximately 30 days after the TSP record keeper purchases the annuity.

(f) The amount of an annuity payment will depend on the type of annuity chosen, the participant's age when the annuity is purchased (and the age of the joint annuitant, if applicable), the amount used to purchase the annuity, and the interest rate available when the annuity is purchased.

(g) Participants may choose among the following types of annuities:

(1) *A single life annuity with level payments.* This annuity provides monthly payments to the participant as long as the participant lives. The amount of the monthly payment remains constant.

(2) *A joint life annuity for the participant and spouse with level payments.* This annuity provides monthly payments to the participant, as long as both the participant and spouse are alive, and monthly payments to the survivor, as long as the survivor is alive. The amount of the monthly payment remains constant, although the amount received will depend on the type of survivor benefit elected.

(3) *A joint life annuity for the participant and another person with level payments.* This annuity provides monthly payments to the participant as long as both the participant and the joint annuitant are alive, and monthly payments to the survivor as long as the survivor is alive. The amount of the monthly payment remains constant. The joint annuitant must be either a former spouse or a person who has an insurable interest in the participant.

(i) A person has an “insurable interest in the participant” if the person is financially dependent on the participant and could reasonably expect to derive financial benefit from the participant’s continued life.

(ii) A relative (either blood or adopted, but not by marriage) who is closer than a first cousin is presumed to have an insurable interest in the participant.

(iii) A participant can establish that a person not described in paragraph (g)(3)(ii) of this section has an insurable interest in him or her by submitting, with the annuity request, an affidavit from a person other than the participant or the joint annuitant that demonstrates that the designated joint annuitant has an insurable interest in the participant (as described in paragraph (g)(3)(i) of this section).

(4) *Either a single life or joint (with spouse) life annuity with increasing payments.* This annuity provides monthly payments to the participant only, or to the participant and spouse, as applicable. The monthly payments are increased once each year on the anniversary of the first payment by a fixed rate of 2 percent. If the participant chooses a joint life annuity, the annual 2 percent increase also applies to benefits received by the survivor.

(h) For each distribution election in which the participant elects to purchase an annuity with some or all of the amount distributed, if the TSP record keeper must purchase two annuity contracts, the type of annuity, the annuity features, and the joint annuitant (if applicable) selected by the participant will apply to both annuities purchased. For each distribution election, a participant cannot elect more than one type of annuity by

which to receive a distribution, or portion thereof, from any one account.

(i) A participant who chooses a joint life annuity (with a spouse, a former spouse, or a person with an insurable interest) must choose either a 50 percent or a 100 percent survivor benefit. The survivor benefit applies when either the participant or the joint annuitant dies.

(1) A 50 percent survivor benefit provides a monthly payment to the survivor which is 50 percent of the amount of the payment that is made when both the participant and the joint annuitant are alive.

(2) A 100 percent survivor benefit provides a monthly payment to the survivor, which is equal to the amount of the payment that is made when both the participant and the joint annuitant are alive.

(3) Either the 50 percent or the 100 percent survivor benefit may be combined with any joint life annuity option. However, the 100 percent survivor benefit can only be combined with a joint annuity with a person other than the spouse (or a former spouse, if required by a retirement benefits court order) if the joint annuitant is not more than 10 years younger than the participant.

(j) The following features are mutually exclusive, but can be combined with certain types of annuities, as indicated:

(1) *Cash refund.* This feature provides that, if the participant (and joint annuitant, where applicable) dies before an amount equal to the balance used to purchase the annuity has been paid out, the difference between the balance used to purchase the annuity and the sum of monthly payments already made will be paid to the beneficiary(ies) designated by the participant (or by the joint annuitant, where applicable). This feature can be combined with any type of annuity.

(2) *Ten-year certain.* This feature provides that, if the participant dies before annuity payments have been made for 10 years (120 payments), monthly payments will be made to the beneficiary(ies) until 120 payments have been made. This feature can be combined with any single life annuity, but

cannot be combined with a joint life annuity.

(k) Once an annuity has been purchased, the type of annuity, the annuity features, and the identity of the joint annuitant cannot be changed, and the annuity cannot be terminated.

[68 FR 35503, June 13, 2003, as amended at 77 FR 26426, May 4, 2012; 84 FR 46421, Sept. 4, 2019; 85 FR 12432, Mar. 3, 2020; 87 FR 31682, May 24, 2022]

**§ 1650.16 Required minimum distributions.**

(a) A separated participant must receive required minimum distributions from his or her account commencing no later than the required beginning date and, for each year thereafter, no later than December 31.

(b) A separated participant may elect to withdraw from his or her account or to begin receiving payments before the required beginning date, but is not required to do so.

(c) In the event that a separated participant does not withdraw from his or her account an amount sufficient to satisfy his or her required minimum distribution for the year, the TSP record keeper will automatically distribute the necessary amount on or before the applicable date described in paragraph (a) of this section.

(d) [Reserved]

(e) The rules set forth in paragraphs (a) through (d) of this section shall apply to a separated participant who reclaims an account balance that was declared abandoned.

[84 FR 46421, Sept. 4, 2019, as amended at 87 FR 31682, May 24, 2022; 88 FR 74330, Oct. 31, 2023]

**§ 1650.17 Changes and cancellation of a post-employment distribution request.**

(a) *Before processing.* A pending post-employment distribution request can be cancelled if the cancellation is received and can be processed before the TSP record keeper processes the request. However, the TSP record keeper processes post-employment distribution requests each business day and those that are entered into the record keeping system by 12 noon eastern time will ordinarily be processed that night; those entered after 12 noon east-

ern time will be processed the next business day. Consequently, a cancellation request must be received and entered into the system before the cut-off for the day the request is submitted for processing in order to be effective to cancel the post-employment distribution.

(b) *After processing.* A post-employment distribution election cannot be changed or cancelled after the withdrawal request has been processed. Consequently, funds disbursed cannot be returned to the TSP.

(c) *Change in installment payments.* If a participant is receiving a series of installment payments, with appropriate supporting documentation as required by the TSP record keeper, the participant can change at any time: The payment amount or frequency (including stopping installment payments), the address to which the payments are mailed, the amount of federal tax withholding, whether or not a payment will be rolled over (if permitted) and the portion to be rolled over, the method by which direct payments to the participant are being sent (EFT or check), the identity of the financial institution to which payments are rolled over or sent directly to the participant by EFT, or the identity of the EFT account.

[87 FR 31683, May 24, 2022]

**Subpart C—Procedures for Post-Employment Distributions**

SOURCE: 87 FR 31683, May 24, 2022, unless otherwise noted.

**§ 1650.21 Information provided by employing agency or service.**

When a TSP participant separates from Government service, his or her employing agency or service must report the separation and the date of separation to the TSP record keeper. Until the TSP record keeper receives this information from the employing agency or service, it will not pay a post-employment distribution.

**§ 1650.22 Accounts of \$200 or more.**

A participant whose account balance is \$200 or more must submit a properly

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completed distribution election to request a post-employment distribution of his or her account balance.

### § 1650.23 Accounts of less than \$200.

Upon receiving information from the employing agency that a participant has been separated for more than 60 days and that any outstanding loans have been closed, provided the participant has not made a distribution election before the distribution is processed, if the account balance is \$5.00 or more but less than \$200, the TSP record keeper will automatically distribute the entire amount of his or her account balance. The TSP record keeper will not pay this amount by EFT. The participant may not elect to leave this amount in the TSP, nor will the TSP record keeper roll over any automatically distributed amount to an eligible employer plan, traditional IRA, or Roth IRA. However, the participant may make an indirect rollover of this payment into an eligible employer plan, traditional IRA, or Roth IRA to the extent the roll over is permitted by the Internal Revenue Code.

### § 1650.24 How to obtain a post-employment distribution.

To request a post-employment distribution, a participant must initiate a request in the form and manner prescribed by the TSP record keeper.

### § 1650.25 Rollovers from the TSP.

(a) The TSP record keeper will, at the participant's election, roll over all or any portion of an eligible rollover distribution (as defined by section 402(c) of the Internal Revenue Code) directly to an eligible employer plan or an IRA.

(b) If a post-employment distribution includes a payment from a participant's traditional balance and a payment from the participant's Roth balance, the TSP record keeper will, at the participant's election, roll over all or a portion of the payment from the traditional balance to a single plan or IRA and all or a portion of the payment from the Roth balance to another plan or IRA. The TSP record keeper will also allow the traditional and Roth portions of a payment to be rolled over to the same plan or IRA but, for

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each type of balance, the election must be made separately by the participant and each type of balance will be rolled over separately. However, the TSP record keeper will not roll over portions of the participant's traditional balance to two different institutions or portions of the participant's Roth balance to two different institutions.

(c) If a post-employment distribution includes an amount from a participant's Roth balance and the participant elects to roll over that amount to another eligible employer plan or Roth IRA, the TSP record keeper will inform the plan administrator or trustee of the start date of the participant's Roth 5 year non-exclusion period or the participant's Roth initiation date, and the portion of the distribution that represents Roth contributions. If a post-employment distribution includes an amount from a participant's Roth balance and the participant does not elect to roll over the amount, the TSP record keeper will inform the participant of the portion of the distribution that represents Roth contributions.

(d) Tax-exempt contributions can be rolled over only if the IRA or plan accepts such funds.

(e) The TSP record keeper will roll over distributions only to the extent that the rollover is permitted by the Internal Revenue Code.

## Subpart D—In-Service Withdrawals

### § 1650.31 Age-based withdrawals.

(a) A participant who has reached age 59½ and who has not separated from Government service is eligible to withdraw all or a portion of his or her vested TSP account balance in a single payment. Unless the withdrawal request is for the entire vested account balance, the entire vested traditional balance, or the entire vested Roth balance, the amount of an age-based withdrawal request must be at least \$1,000.

(b) An age-based withdrawal is an eligible rollover distribution, so a participant may request that the TSP record keeper roll over all or a portion of the withdrawal to a traditional IRA, an eligible employer plan, or a Roth IRA in accordance with § 1650.25.

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(c) A participant is permitted four age-based withdrawals per calendar year for an account.

[68 FR 35503, June 13, 2003, as amended at 75 FR 24785, May 6, 2010; 77 FR 26427, May 4, 2012; 84 FR 46422, Sept. 4, 2019; 87 FR 31683, May 24, 2022; 89 FR 18534, Mar. 14, 2024]

### § 1650.32 Financial hardship withdrawals.

(a) A participant who has not separated from Government service and who can certify that he or she has a financial hardship is eligible to withdraw all or a portion of his or her own contributions to the TSP (and their attributable earnings) in a single payment to meet certain specified financial obligations. The amount of a financial hardship withdrawal request must be at least \$1,000.

(b) To be eligible for a financial hardship withdrawal, a participant must have a financial need that results from at least one of the following five conditions:

(1) The participant's monthly cash flow is negative (*i.e.*, the participant's income is less than his or her monthly expenses on a recurring basis);

(2) The participant has incurred medical expenses as a result of a medical condition, illness, or injury to the participant, the participant's spouse, or the participant's dependents. Generally, eligible expenses are those that would be eligible for deduction as medical expenses for Federal income tax purposes. Eligible medical expenses include the cost of household improvements required as a result of a medical condition, illness or injury. Household improvements are structural improvements to the participant's living quarters or the installation of special equipment that is necessary to accommodate the circumstances of the incapacitated person.

(3) The participant must have paid the cost of repair or replacement resulting from a personal casualty loss that would be eligible for deduction for Federal income tax purposes, but without regard to the IRS income limitations on deductibility, fair market value of the property, or number of events. Personal casualty loss includes damage, destruction, or loss of property resulting from a sudden, unex-

pected, or unusual event, such as an earthquake, hurricane, tornado, flood, storm, fire, or theft.

(4) The participant must have paid attorney fees and court costs associated with separation or divorce. Court-ordered payments to a spouse or former spouse and child support payments are not allowed, nor are costs of obtaining prepaid legal services or other coverage for legal services.

(5) The participant has incurred expenses and losses (including loss of income) on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, provided that the participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.

(c) When determining financial hardship needs, a participant cannot use any expenses that are already paid or are reimbursable to the participant by insurance or otherwise.

(d) The amount of a participant's financial hardship withdrawal cannot exceed the smallest of the following:

(1) The amount requested; or

(2) The amount in the participant's account that is equal to his or her own contributions and attributable earnings.

(e) The participant must certify that he or she has a financial hardship as described on the hardship withdrawal request, and that the dollar amount of the withdrawal request does not exceed the actual amount of the financial hardship.

(f) A participant is not eligible for an in-service hardship withdrawal based solely on monthly negative cash flow (as described in paragraph (b)(1) of this section) during the time he or she has pending a petition in bankruptcy under Chapter 13 of the Bankruptcy Code (11 U.S.C. chapter 13).

[68 FR 35503, June 13, 2003, as amended at 68 FR 74451, Dec. 23, 2003; 85 FR 61805, Oct. 1, 2020; 87 FR 31683, May 24, 2022]

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### § 1650.33 [Reserved]

### § 1650.34 Uniqueness of loans and in-service withdrawals.

An outstanding TSP loan cannot be converted into an in-service withdrawal or vice versa. Funds distributed as an in-service withdrawal cannot be returned or repaid.

[87 FR 31684, May 24, 2022]

### Subpart E—Procedures for In-Service Withdrawals

SOURCE: 87 FR 31684, May 24, 2022, unless otherwise noted.

### § 1650.41 How to obtain an age-based withdrawal.

To request an age-based withdrawal, a participant must initiate a request in form and manner prescribed by the TSP record keeper.

### § 1650.42 How to obtain a financial hardship withdrawal.

(a) To request a financial hardship withdrawal, a participant must initiate a request in the form and manner prescribed by the TSP record keeper.

(b) There is no limit on the number of financial hardship withdrawals a participant can make; however, the TSP record keeper will not accept a financial hardship withdrawal request for a period of six months after a financial hardship disbursement is made.

### § 1650.43 [Reserved]

### Subpart F [Reserved]

### Subpart G—Spousal Rights

### § 1650.61 Spousal rights applicable to post-employment withdrawals.

(a) The spousal rights described in this section apply to total post-employment distributions when the married participant's vested TSP account balance exceeds \$3,500, to partial post-employment distributions without regard to the amount of the participant's account balance, and to any change in the amount or frequency of an existing installment payment series, including a change from payments calculated

based on life expectancy to payments based on a fixed-dollar amount.

(b) Unless the participant was granted an exception under this subpart to the spousal notification requirement within 90 days of the date the distribution request is processed by the TSP record keeper, the spouse of a CSRS participant is entitled to notice when the participant applies for a post-employment distribution or makes a change to the amount or frequency of an existing installment payment series. The participant must provide the TSP record keeper with the spouse's correct email or physical address to which to send the required notice.

(c) The spouse of a FERS or uniformed services participant has a right to a joint and survivor annuity with a 50 percent survivor benefit, level payments, and no cash refund based on the participant's entire account balance when the participant elects a total post-employment distribution.

(1) The participant may make a different total post-employment distribution election only if his or her spouse consents to that election and waives the right to this annuity.

(2) A participant's spouse must consent to any partial post-employment distribution election (other than an election to purchase this type of an annuity with such amount) and waive his or her right to this annuity with respect to the amount distributed.

(3) A spouse must consent to any change in the amount or frequency of an existing installment payment series and waive his or her right to this annuity with respect to the applicable amount. Spousal consent is not required to stop installment payments.

(4) Unless the participant was granted an exception under this subpart to the spousal consent requirement within 90 days of the date the distribution request is processed by the TSP record keeper, to show that the spouse has consented to a different total or partial post-employment distribution election or installment payment change and waived the right to this annuity with respect to the applicable amount, the participant must submit to the TSP record keeper a properly completed distribution request, signed by his or her spouse.