Automatic Enrollment in the Thrift Savings Plan

Congratulations on your appointment with the Social Security Administration (SSA). This appointment is covered by the Federal Employees' Retirement System (FERS) and, as a result, you are automatically enrolled in the Thrift Savings Plan (TSP). The TSP is a long-term retirement savings and investment plan for Federal employees and is similar to "401(k)" plans available to many private sector employees. The TSP is one of the three parts of the FERS retirement program. (The FERS Basic Annuity and Social Security are the other two parts.)

Automatic Enrollment

The amount of your automatic contribution to the TSP is 3% of your basic pay, which will be deposited into your TSP account every pay period. These contributions are deducted from your pay and are tax-deferred (i.e., traditional) for purposes of Federal and, in most cases, state income tax. In addition, SSA will deposit Agency Matching Contributions equal to your 3% deposit. Plus, you will also receive an Agency Automatic Contribution that is equal to 1% of your basic pay. All totaled, with your contributions and those from SSA, the equivalent of 7% of your basic pay will be deposited into your TSP account each pay period.

This is a good start toward saving for retirement; however, you can easily increase the amount of your contributions and receive additional Agency Matching Contributions, making your retirement savings grow even faster. You can also elect to make Roth contributions, which are taxed up front. Roth contributions are tax-free when withdrawn, and Roth earnings become tax-free after certain Internal Revenue Code (IRC) requirements are met. See the paragraphs Employee Contributions and Agency Matching Contributions below.

How to Stop Automatic Enrollment

If you do not wish to contribute to your TSP account at this time, you can stop the automatic enrollment process. To stop the automatic enrollment process before any contributions are deducted from your pay, you must complete Form TSP-1, Election Form, and immediately fax it to the Benefits & Payroll Team (BPT) at 816-936-5937 by the last Friday of your first pay period.

If you stop your contributions, you are not eligible to receive Agency Matching Contributions. You will still receive the Agency Automatic 1% Contributions.

It is possible that payroll will not be able to stop your first contribution to the TSP. If this happens, you can leave the contribution in your TSP account or you can make a request to the TSP to return your contribution. To request a refund of your contribution, read the paragraph titled Refund of Automatic Enrollment Contributions.

Rehired with a Break in Service of 30 Days or Less

If you are rehired or transferred into a position covered by FERS and your break in service from your last covered position is 30 days or less, SSA will reinstate your prior TSP election. You will not be automatically enrolled in the TSP; however, you may change or stop your TSP election, and if you were not previously contributing, you may elect to contribute to the TSP at any time.

Employee Contributions

You may elect to increase, decrease, or stop your contributions to your TSP account at any time. To make a contribution election, complete the Form TSP-1, Election Form, and fax it to BPT at 816-936-5937. Your election will become effective no later than the pay period following the date BPT receives your form. After you receive your PIN & Password for Employee Express, you are encouraged to make changes to your TSP contributions online using Employee Express.

You may specify the amount of traditional (pre-tax) and/or Roth (after-tax) contributions by entering **either** a whole percentage of basic pay per pay period, **or** a whole dollar amount for each type of contribution you elect. Whether you specify a percentage or dollar amount of your pay, your total contributions for the year cannot exceed the Internal Revenue Code's (IRC) elective deferral limit for the year. The limit for 2012 is $17,000. Your contribution election will remain in effect until you make another election to change the amount of your contributions or to stop them.

You should consider increasing your contributions to at least 5% of your basic pay each pay period during the year in order to receive all of the Agency Matching Contributions for which you are eligible. If you reach the IRC limit before the end of the year, the TSP cannot accept additional contributions and as a result, you will not receive the Agency Matching Contributions for the remaining pay dates in the year. The TSP has a calculator on its website (www.tsp.gov) under Planning & Tools to assist you in maximizing your employee and Agency Matching Contributions each year.

Agency Contributions

Because you are automatically enrolled in the TSP, effective your first pay period, SSA will make Agency Matching Contributions to your TSP account. Even if you stop contributing your own money, SSA will make Agency Automatic Contributions that will equal 1% of the basic pay you earn for the pay period. If you are making Employee Contributions, you will also receive Agency Matching Contributions to your TSP account. The first 3% of pay that you contribute each pay period will be matched dollar for dollar, and the next 2% that you contribute will be matched 50 cents on the dollar.

Because of your automatic enrollment, you are contributing 3% of your pay and receiving Agency Matching Contributions of 3%. However, if you increase your employee contributions to 5% you will then receive Agency Matching Contributions of

4% each pay period. This means the equivalent of 10% of your basic pay will be saved toward your retirement each pay period (5% your Employee Contribution + 4% Agency Matching Contributions + 1% Agency Automatic Contribution = **10%** in your TSP account). Your agency contributions will be invested according to your contribution allocation on file with the TSP on the date the contributions are posted to your account.

All agency contributions to your TSP are made on a traditional (pre-tax) basis regardless of whether your own contributions are traditional (pre-tax) or Roth (after tax).

Catch-up Contributions

If you are age 50 or older or will turn age 50 by the end of this year, you may make an additional election to contribute catch-up contributions. This separate election will authorize SSA to deduct additional TSP contributions, traditional and/or Roth, from your pay. To make catch-up contributions, complete the Form TSP-1-C, Catch-up Contribution Election Form, and fax it to BPT at 816-936-5937. After you receive your PIN & Password for Employee Express, you are encouraged to make changes to your TSP catch-up contributions online using Employee Express.

For catch-up contributions, you must elect a whole dollar amount from your basic pay each pay date. The maximum amount you may contribute in catch-up contributions for 2012 is $5,500. This is in addition to the amount you may contribute through the regular TSP election discussed in earlier.

You will not receive Agency Matching Contributions on the amount you elect to contribute through catch-up contributions.

Your catch-up contribution election will remain in effect either until you meet the limit, make another election to change the amount of or stop your contributions, or until the last pay date of the calendar year. *You must make a new election to contribute catch-up contributions each calendar year*.

Refund of Automatic Enrollment Contributions

You may request a refund of the employee contributions that were deducted from your pay during the first 90 days that you were automatically enrolled. To do so, you must send Form TSP-25, Automatic Enrollment Refund Request, which you will receive with your Welcome Letter from the TSP. Your properly completed Form TSP-25 must be returned to the TSP using the address on the form and *must be received by the TSP no later than the date provided in the TSP Welcome Letter*. Do NOT return the form to SSA. Make sure you read the directions on Form TSP-25 as well as the instructions in the TSP Welcome Letter. Note that, if you change the amount of your contributions or start making Roth contributions within your first 90 days, any subsequent contributions will not be eligible for refund.

If you were previously employed by the Federal Government and were automatically enrolled, you are not eligible for a refund of the automatic enrollment contributions for subsequent periods, unless one full calendar year (January through December) has passed since your last automatic enrollment contribution (visit the TSP website for more details).

The amount of your refund will be your automatically withheld employee contributions and any gains or losses from the performance of your investment(s). Although the Agency Automatic (1%) Contributions and their earnings will remain in your TSP account; you will forfeit any Agency Matching Contributions and their earnings (unless you leave your contributions in the TSP).

Requesting a refund of your automatic enrollment contributions will not stop future contributions from being deducted from your pay. You must complete Form TSP-1, Election Form*, and fax it to BPT at 816-936-5937 or stop your future contributions online using Employee Express.*

Establishing Your TSP Account

Your TSP account will be established when payroll submits your first contributions. Once your account is established, the TSP will send three separate mailings to you: (1) a TSP Welcome Letter, which includes your TSP account number, (2) your TSP Web password, and (3) your ThriftLine Personal Identification Number (PIN). Along with your Welcome Letter, you will receive the TSP booklet *Managing Your Account*, which provides valuable information on TSP investment options, making a contribution allocation, requesting an interfund transfer, and how to designate beneficiaries.

If you already have an established TSP account from previous Federal service, and you did not withdraw all of your money while you were separated, you will receive the Welcome Letter only. You should continue to use the PIN and password originally mailed to you. If you have forgotten or misplaced them, use the TSP website or ThriftLine (1-TSP-YOU-FRST = 1-877-968-3778, TDD 1-TSP-THRIFT5 = 1-877-847-4385) to request new ones. If you withdrew your entire balance while separated, you will receive the Welcome Letter and a new PIN and password.

If you have or had a TSP uniformed services account, your Federal civilian account is a separate account and you will receive all of the above mailings. I

Contribution Allocations

Your first contribution will be invested in the Government Securities Investment (G) Fund. After receiving your TSP Welcome Letter, you may invest your contributions in any of the ten TSP funds by requesting a contribution allocation. You cannot request a contribution allocation until your TSP account has been established. The information to request a contribution allocation will be provided with your TSP Welcome Letter.

Note: If you have an existing TSP account balance from previous Federal civilian service, your contributions will be invested using your last contribution allocation on file with the TSP.

Interfund Transfers

You can redistribute your TSP account balance among the ten TSP funds by requesting an interfund transfer. You will not be able to request an interfund transfer until your TSP account has been established. The instructions to request an interfund transfer will be provided with your TSP Welcome Letter.

Additional Information

To find additional information about the TSP, visit the TSP website at www.tsp.gov. If you have additional questions about the TSP and your participation, contact the Benefits & Payroll Team at 816-936-5840.