

AUTOMATIC PARTICIPATION IN TSP FOR A NEW HIRE/REHIRE

Congratulations on your appointment with the USDA-Natural Resources Conservation Service (NRCS). This position is covered by the Federal Employees' Retirement System (FERS), and as a result you will be automatically enrolled in the Thrift Savings Plan (TSP). The TSP is a retirement savings and investment plan for Federal employees and is similar to "401(k)" plans available to many private sector employees. The purpose of the TSP is to provide you the opportunity to participate in a long-term retirement savings and investment plan. 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 for purposes of Federal and, in most cases, state income tax. In addition, the NRCS will deposit Agency Matching Contributions equal to your 3% deposit. Plus you also receive an Agency Automatic (1%) Contribution that is equal to 1% of your basic pay. All totaled with your contributions and those from NRCS 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.

Stop Automatic Enrollment

However, if you do not wish to contribute to your TSP account you can request to 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 dated 8/2010, and immediately turn it in to Human Resources. This form must be received within the first pay period that you reported to work. If you stop your contributions, you are not eligible to receive Agency Matching Contributions. You will still receive the Agency Automatic (1%) Contributions.

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 return to the Human Resources office. You may specify a whole percentage of basic pay that you want to contribute, each pay period, or you may specify a whole dollar amount. Whether you specify a percentage or dollar amount of your pay, your total contributions for the year cannot exceed the Internal Revenue Code's elective deferral limit for the year. 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 which you are eligible.

Agency Contributions

Because you have been automatically enrolled in the TSP, effective your first pay period, the NRCS will begin making Agency Matching Contributions to your TSP account. Even if you stop contributing your own money, the NRCS will make Agency Automatic (1%) Contributions that will equal 1% of the basic pay you earn for the pay period. If you are making Employee Contributions, you will also begin receiving 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. As a result 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 also be invested according to your contribution allocation on file with the TSP on the date the contributions are posted to your account.

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 NRCS. Make sure you read the directions on Form TSP-25 as well as the instructions in the TSP Welcome Letter.

Additional Information

To find additional information about the TSP, visit the TSP website at www.tsp.gov.