



THRIFT SAVINGS PLAN FACT SHEET

Catch-Up Contributions

On November 27, 2002, the President signed Public Law 107-304, which permits eligible Thrift Savings Plan (TSP) participants to make catch-up contributions into their TSP accounts beginning in or after the year in which they turn age 50.

What are catch-up contributions?

“Catch-up contributions” are supplemental tax-deferred employee contributions, which are in addition to regular contributions. These supplemental contributions can be made by participants age 50 or older who would like to make contributions above the maximum amount they could otherwise make to the TSP.

Who is eligible to make catch-up contributions?

To be eligible to make catch-up contributions, a participant must be:

- age 50 or older during the calendar year in which the catch-up contributions are made (even if the participant becomes age 50 on December 31 of that year),
- currently employed and in pay status,
- contributing either the maximum TSP contribution percentage allowed by his or her retirement coverage or contributing an amount that will cause him or her to reach the Internal Revenue Service (IRS) elective deferral limit by the end of that year.

A participant who is in a 6-month suspension period after making a financial hardship withdrawal is **not** eligible to make catch-up contributions during that time.

How much can I contribute?

If you are otherwise eligible, you can contribute up to the annual maximum dollar amount allowed by the IRS. Catch-up contributions have an annual IRS limit, just as regular contributions have an annual IRS elective deferral limit.

Because catch-up contributions are supplemental, they do not count against either the regular TSP contribution (percentage) limits or the IRS elective deferral limit. However, the combination of regular and catch-up TSP contributions cannot exceed the total IRS

contribution limit for the year. For example, for 2003, your contributions cannot exceed \$14,000 (i.e., the \$12,000 elective deferral limit on regular TSP contributions, plus the \$2,000 catch-up contribution limit). See the chart below for the limits on regular tax-deferred and catch-up contributions.

Year	TSP Limit		IRS Limits		
	FERS	CSRS and Uniformed Services	Regular Contributions*	Catch-up Contributions	Total Contributions
2003	13%	8%	\$12,000	\$2,000	\$14,000
2004	14%	9%	\$13,000	\$3,000	\$16,000
2005	15%	10%	\$14,000	\$4,000	\$18,000
2006 and thereafter	Limits eliminated		\$15,000	\$5,000**	\$20,000

* For uniformed services participants, this includes incentive pay and special pay, including bonus pay.

** After 2006, this amount will be subject to increases to reflect inflation.

Catch-up contributions are applied to the year of the pay date for which they are made. This means that, for example, if a catch-up contribution with a December 31, 2003 pay date is received by the TSP on January 2, 2004, it applies to the 2003 limit.

Will I receive any matching contributions on my catch-up contributions?

There are no agency or service matching contributions on catch-up contributions.

Can I make catch-up contributions from bonus pay?

No. Catch-up contributions can only be made from basic pay. Bonuses (or, if you are a member of the uniformed services, special pay or incentive pay) cannot be applied toward catch-up contributions.

What happens to my catch-up contributions when the TSP receives them?

When they are received, catch-up contributions are allocated to your account according to your most current contribution allocation on file with the TSP. You cannot make a separate contribution allocation for catch-up contributions. Once they are in your TSP account, they become part of your account balance and are subject to the same rules as any other tax-deferred employee contributions. For example, they are immediately vested. An interfund transfer has the same effect on them as on the rest of the money in your account. They are available for loans and in-service withdrawals, and spousal rights apply.

How do I make catch-up contributions?

Catch-up contributions can be made only through payroll deductions. This is because they are made before Federal, and in most cases state, taxes are deducted. To make catch-up contributions, you must submit Form TSP-1-C, Catch-Up Contribution Election (or TSP-U-1-C, for members of the uniformed services), to your payroll or personnel office. Indicate the dollar amount you would like to contribute each pay period. You can obtain Form TSP-1-C (or TSP-U-1-C) from your agency or service or from the TSP Web site (www.tsp.gov). If your agency or service uses an electronic version of the Catch-Up Contribution Election form (e.g., on Employee Express, PostalEase, or MyPay), you should submit your election electronically. (Check with your agency or service to see if it uses an electronic version.)

When can I make a catch-up contribution election?

You can make your election at any time. Unlike regular TSP contributions, there is no open season associated with catch-up contributions. Your election will become effective the first full pay period following your agency's or service's receipt of the election. The election will only be valid through the end of the calendar year in which it is made. This means that you will have to submit a new Form TSP-1-C (or TSP-U-1-C if the contribution is for your uniformed services account) for each year. Your contributions will continue until the end of the calendar year unless you reach the annual catch-up contribution limit before that time or you elect to stop making catch-up contributions.

Can I stop my catch-up contributions at any time?

Yes. To stop making catch-up contributions, complete Form TSP-1-C (or TSP-U-1-C for your uniformed

services account) indicating that you want these contributions to stop. You can restart your contributions at any time. Unlike regular TSP contributions, there is no waiting period for restarting catch-up contributions.

Once you stop catch-up contributions, they will not resume automatically. You will have to complete another election form to start these contributions again. In addition, if you stop making regular contributions to your account or if you go into nonpay status, your contributions will also stop. If you want to resume your contributions (e.g., when you return to pay status), you **must** submit a new election.

How are these contributions reported to the IRS?

As with regular TSP contributions, catch-up contributions will be reported on your W-2, Wage and Tax Statement. They will be combined with your regular TSP contributions on your W-2.

What special rules or conditions apply to uniformed services participants?

Catch-up contributions made to your uniformed services account will be subject to the same rules as catch-up contributions to a civilian account, except that you must use Form TSP-U-1-C (or its electronic equivalent) to initiate contributions for a uniformed services account. However, since catch-up contributions can only be made from tax-deferred income, members of the uniformed services who are receiving only pay earned in a combat zone (which is tax-exempt) cannot make catch-up contributions. In addition, you cannot use incentive or special pay (including bonus pay) to make catch-up contributions.

Also, if you are a member of the uniformed services and have both a civilian and a uniformed services TSP account, you can make catch-up contributions to both accounts as long as the total for both accounts does not exceed the catch-up contribution limit for that year.

Note: If you are a Reservist who is also a Federal civilian employee and you are called to active duty, you will be subject to the Uniformed Services Employment and Reemployment Rights Act (USERRA). Under USERRA, you can elect to make up contributions to your civilian TSP account when you return from active duty. (For more information about USERRA and make-up contributions, see the Fact Sheet, TSP Benefits That Apply to Members of the Military Who Return to Federal Civilian Service.)