



THRIFT SAVINGS PLAN FINANCIAL HARDSHIP IN-SERVICE WITHDRAWAL REQUEST

TSP-76

Before requesting a financial hardship in-service withdrawal, **read the information and instructions in this package carefully.** You should also read the booklet *TSP In-Service Withdrawals* and the tax notice, Important Tax Information About TSP In-Service Withdrawal Payments. Complete information about hardship withdrawals and the tax consequences are detailed in the booklet and tax notice which are available on the TSP Web site (www.tsp.gov), from your agency personnel office, or from the TSP Service Office: **TSP Service Office, National Finance Center, P.O. Box 61500, New Orleans, LA 70161-1500.**

If you have questions, call the ThriftLine at 1-TSP-YOU-FRST (1-877-968-3778) or the TDD at 1-TSP-THRIFT5 (1-877-847-4385). Outside the U.S. and Canada, please call 1-504-255-8777.

The impact a financial hardship in-service withdrawal has on your retirement savings is significant. For example, you permanently deplete your retirement savings by the amount of your withdrawal plus any future earnings you could have received on that amount. The withdrawal is subject to Federal income tax and, if you are younger than age 59½ when you take the withdrawal, it may be subject to an early withdrawal penalty tax. In addition, you cannot contribute to the TSP for 6 months following your withdrawal. If you are a FERS employee, this means that you will also not receive any matching contributions during that time. Thus, if you are in pay status and are eligible for a TSP loan, you may want to consider taking a loan rather than a withdrawal.

Make a copy of the completed form for your records and mail your request to the TSP Service Office at the address above.

DETERMINING FINANCIAL HARDSHIP

You have a financial hardship if you have an immediate and significant financial need that necessitates a distribution from your TSP account. To receive a hardship withdrawal, your need must arise out of **one or more** of the following situations:

- 1) On a recurring basis, **your monthly cash flow is negative.** That means that your net income is less than your ordinary monthly household expenses. (This situation does not apply if you are in Chapter 13 bankruptcy.) OR
- 2) You have incurred (or will incur within the next 6 months) one of the following extraordinary expenses, which you have not paid and for which you will not be reimbursed, for example, by insurance.
 - **Medical expenses** payable by you, your spouse, or your dependents which would be deductible by you for Federal income tax purposes without regard to any income limitation on deductibility. These expenses include, but are not limited to, expenses for physician visits, prescription drugs, hospitalization, and eye-glasses. Medical expenses also include the cost of structural changes to your home required for medical care, or the installation of special equipment necessary to accommodate an incapacitated person (for example, a wheelchair ramp or a chair lift). Medical expenses do **not** include health insurance premiums.
 - The cost of making repairs to or for replacement of property due to a **personal casualty loss** that would be deductible by you for Federal income tax purposes, but without regard to any income limitation on deductibility or the fair market value of the property or the number of loss-producing events. Personal casualty loss includes, but is not limited to, damage, destruction, or loss of property resulting from a sudden, unexpected or unusual event such as flood, earthquake, hurricane, fire, tornado, or theft.
 - **Legal expenses for attorney fees and court costs associated with separation or divorce.** Court-ordered payments to a spouse or former spouse (e.g., alimony or property settlement, child support payments, costs of obtaining prepaid legal services, and other coverage for legal services) are not allowed.

QUALIFYING FOR A FINANCIAL HARDSHIP IN-SERVICE WITHDRAWAL

To qualify for a financial hardship withdrawal from your TSP account:

- You must have a financial hardship as described above, and certify to that effect.
- You must be a current Federal employee. (This includes employees who are in nonpay status.)
- Your TSP account must contain at least \$1,000 of your own contributions and earnings on those contributions. You cannot request less than \$1,000, nor can you request more than your hardship.) If your employee contributions and earnings are less than your requested amount but are at least \$1,000, you will be paid the lesser amount.
- You cannot have received a financial hardship in-service withdrawal within 6 months of the time your current request is processed.
- You cannot have a pending application for an age-based in-service withdrawal or a TSP loan.

TERMINATING YOUR CONTRIBUTIONS

When your financial hardship withdrawal is made, the TSP will instruct your agency to terminate your employee contributions (if any) for 6 months. If you are a FERS employee, this means that any Agency Matching Contributions will also stop. However, as long as you are in pay status, you will continue to receive your Agency Automatic (1%) Contributions. At the end of this 6-month period, you can ask your agency to resume your contributions — they will **not** resume automatically.

TAX WITHHOLDING ON YOUR PAYMENT

The Internal Revenue Service (IRS) considers financial hardship withdrawals to be “non-periodic payments” for Federal income tax purposes. The TSP must withhold 10% of your withdrawal unless you submit IRS Form W-4P, Withholding Certificate for Pension or Annuity Payments, with this application. It is available from the TSP Web site, the TSP Service Office, and the IRS.