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Description of document: Federal Retirement Thrift Investment Board (FRTIB)
Procedures on Error Correction, Special Processing and
Unauthorized Disbursements for TSP Accounts 2020-2021

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Source of document: FOIA Request
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FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77K Street, NE Washington, DC 20002

March 28, 2022

I am responding to your request submitted through the National FOIA Portal and received on January 26, 2022, in which you made a request for records to the Federal Retirement Thrift Investment Board (Agency) under the Freedom of Information Act (FOIA), 5 U.S.C. § 552, as amended. The request and our response are set forth below.

REQUEST

A copy of the following FRTIB documents: OPS.150, OPS.151, OPS.185, OPS.200, and OPS.201.

RESPONSE

Your request is granted in part. Please find attached, all documents you have requested. Some information has been redacted under FOIA Exemption 7(e) which protects the release of information that "could reasonably be expected to risk circumvention of the law." 5 U.S.C. § 552(b)(7)(E).

APPEAL

You may appeal this decision in writing to the Executive Director, Federal Retirement Thrift Investment Board, 77 K St. NE, Washington, DC 20002. Please cite FOIA request number 22-TIB-20. You must appeal within 90 days of receipt of this decision. 5 C.F.R. § 1631.10.

In addition to filing an appeal, you have the option to contact the Agency's FOIA Liaison at FRTIBFOIALIAISON@tsp.gov, if you have any concerns regarding your request. You may also choose to contact the Office of Government Information Services (OGIS). OGIS offers their own mediation services to help resolve disputes between FOIA requestors and agencies. You may contact them by writing to Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road – OGIS, College Park, MD 20740, by email at ogis@nara.gov, or by calling 1-877-684-6448.

If you have any further questions regarding this request, you may contact me at (202) 942-1660 or FOIAREQUEST@tsp.gov.

Sincerely,

AMANDA HAAS

Digitally signed by AMANDA
HAAS
Date: 2022.03.28 13:44:49
-04'00'

Amanda Haas
FOIA Officer

Error Correction and Exception Processing Policy

Federal Retirement Thrift Investment Board
Effective Date: December 31, 2020

Error Correction and Exception Processing Policy

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1.0 Overview

The Federal Employees' Retirement System Act of 1986 (FERSA) authorized the Federal Retirement Thrift Investment Board (FRTIB), an independent agency of the U.S. Executive Branch, to administer the Thrift Savings Plan (TSP), one of the three components of the Federal Employees' Retirement System (FERS). The TSP is a defined contribution plan for U.S. Federal civilian employees (including those covered by the older Civil Service Retirement System (CSRS)) as well as members of the uniformed services. FRTIB and TSP are collectively referred to as the Agency. The mission of FRTIB is to administer the TSP solely in the interest of its Participants and beneficiaries.

The Office of Participant Services (OPS) is the FRTIB office tasked with talking to participants, efficiently executing their requests, and resolving their TSP account problems. OPS further strives to improve the TSP participant experience through policy and process innovation. OPS handles escalated issues having to do with service delivery and the application of policy, rules, and regulations.

This document sets forth FRTIB's policies related to error correction, breakage determinations, and requests for exception processing.

2.0 Policy

The TSP ensures operations are functioning on an efficient and systematic basis. On occasion, however, an employing agency/service, TSP, or participant error may occur. Employing agency or service errors generally relate to missing or insufficient contributions, the removal of erroneous contributions, incorrect indicative data, or loan record errors. The employing agency or service corrects these errors according to TSP regulations at 5 CFR 1605, Subpart B and the FRTIB Contributions Policy and Procedures. This policy applies to errors committed by the TSP, Participants, or Beneficiaries.

TSP errors are corrected as soon as practical, according to the regulations set forth at 5 CFR 1605, Subpart C. The participant, or participants, are made whole through participant record correction and payment of any losses in earnings (i.e., breakage) incurred by the participant as a result of the

TSP error. (Negative earnings resulting from a TSP error are borne by the TSP; the participant is not penalized as a result of a TSP error.) The Agency generally does not make corrections for participant-caused errors. However, the Agency will research the circumstances, consider the details, and make a case-by-case ruling to determine if an exception should be granted for a participant error. This is referred to as exception processing. Exception processing is generally defined as processing a request to do something that is not in compliance with established rules, regulations, or procedures. It also includes a request for an action or allowance for which there is no rule, regulation, or process and for which specific authority is required as it cannot be handled as a practical matter by the first line of processors. Exception processing cases require deliberate consideration due to their fiduciary nature.

The Error Correction and Exception Processing Policy is comprised of the following components:

2.1 Error Correction

The Agency must perform research and analysis to determine the source of an error/issue that is identified and correct any TSP errors that are found. As necessary, the Office of General Counsel (OGC) may be consulted by OPS to provide a legal opinion. Approvals for TSP error corrections are generally made by OPS during routine case handling. If the error correction involves payment of breakage, the case is forwarded to the OPS Director for final determination.. TSP errors affecting larger groups of participants generally require Office Director or Executive Director approval. (See section 2.2 for breakage approval guidelines.)

The Agency generally does not make corrections for participant-caused errors, but extenuating circumstances may be considered. When such situations occur, the participant may request an exception to the policy or rule based on the exceptional circumstances. In either event, the TSP notifies the participant of the decision and, if approved, OPS will initiate corrective actions to update or change the participant's TSP account.

2.2 Breakage

As necessary, the Agency shall pay breakage for correction of TSP errors. The calculation for plan breakage is set forth in 5 CFR 1605, Subpart C. For these purposes, breakage is the loss incurred or gain realized by the participant that results from a TSP error. Breakage is intended to make a participant whole. If the participant benefits from earnings as a result of a TSP error, the gain remains with the participant. If the outcome to the participant results in a loss of earnings, the TSP will calculate the amount of loss subject to the rules in 5 CFR 1605.21.

All breakage will be approved by the OPS Director. If the amount of breakage is calculated to be in excess of \$25,000, it shall be reviewed and approved by the Executive Director.

2.3 Exception Processing

Requests for exception processing will be considered through an OPS review process. If the panel determines that exceptional circumstances are warranted, OPS, and if necessary with the advice of OGC, will recommend that the Executive Director grant an exception for an individual account holder. OPS, upon approval or rejection of the exception request by the Executive Director, will notify the participant of the decision and take any action to update or change the participant's TSP account as appropriate.

2.4 Review Process

To ensure that appropriate consideration is given to requests for exceptions, reconsiderations of a previous denial, or reviews of cases which are complicated by multiple and/or significant errors, a review process is used. The review panel generally consists of the Analyst/Specialist responsible for the case, his/her Supervisor, the Division Chief, a Correspondence Specialist (if not already the case Specialist), and a subject matter expert. Other external stakeholders may be asked to participate in the review panel should the situation warrant it. This panel meets to discuss the information surrounding the request and provides input on whether the recommendation made by the Analyst/Specialist is substantiated by the facts.

3.0 Applicable Procedures

- Error Correction and Exception Processing Procedures
- OPS Service Provider Performance Oversight Procedures
- Contributions Procedures

4.0 Revision History

Date	Version	FRTIB Author	Comments <i>(briefly summarize change)</i>
5/19/2017	0	Sophie Dmuchowski	Initial Version
12/3/2020	1	Maria Nunez-Gaylor	General Updates: updated Overview and Review Process

5.0 Approval

Name: **GUADALUPE RAMOS** Digitally signed by GUADALUPE RAMOS
Date: 2020.12.04 14:06:38 -05'00'
Tee Ramos

Title: Director, Office of Participant Services

Name: **SUZANNE TOSINI** Digitally signed by SUZANNE TOSINI
Date: 2020.12.04 15:36:22 -05'00'
Suzanne Tosini

Title: Chief Operating Officer, FRTIB

OPS Error Correction and Exception Processing Procedures

Federal Retirement Thrift Investment Board
Effective Date: December 31, 2020

OPS Error Correction and Exception Processing Procedures

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1.0 OVERVIEW

The Federal Employees' Retirement System Act of 1986 (FERSA) authorized the Federal Retirement Thrift Investment Board (FRTIB), an independent agency of the U.S. Executive Branch, to administer the Thrift Savings Plan (TSP), one of the three components of the Federal Employees' Retirement System (FERS). The TSP is a defined contribution plan for U.S. Federal civilian employees (including those covered by the older Civil Service Retirement System (CSRS)), as well as members of the uniformed services. FRTIB and TSP are collectively referred to as the Agency. The mission of FRTIB is to administer the TSP solely in the interest of its Participants and beneficiaries.

The Office of Participant Services (OPS) is the FRTIB office tasked with communicating with participants and beneficiaries, efficiently executing their requests, and resolving their TSP account problems. OPS further strives to improve the TSP participant experience through policy and process innovation. OPS handles escalated issues having to do with service delivery and the application of policy, rules, and regulations.

This document sets forth FRTIB's procedures related to error correction, requests for exception processing and breakage determinations for error corrections.

2.0 ROLES AND RESPONSIBILITIES

Applicable Stakeholder – is responsible for providing notification to the participant and monitoring final decisions for error correction requests. The individual in the Applicable Stakeholder role depends on the source of the request and type of request. For example, if the request is received via e-message, then the response is from a contact center representative through the e-message system; If a written request is received directly at the FRTIB, then a written response is generated by the Analyst/Specialist.

Executive Director – is the Plan Fiduciary and the individual responsible for approving or denying requests for exception processing and breakage owed to the participant/beneficiary that exceeds \$25,000. The Executive Director can also delegate certain authority to other employees of FRTIB.

OPS Director – is responsible for the final decision regarding error corrections, and in coordination with the Executive Director and OGC as applicable, for exception processing recommendations and any breakage payments related to exception processing.

OPS Deputy Director – is responsible for providing input and approval of the review panel's recommendations, adjusting and refining the approach as appropriate to ensure the Director has the necessary information to make an informed decision.

OPS Division Chief – is responsible for the review panel activities and exception processing recommendations, in coordination with the OPS Supervisor and the OPS Analyst/Specialist.

Office of General Counsel (OGC) – is the office responsible for providing a legal opinion, when applicable, for error correction and exception processing requests.

OPS Analyst/Specialist – is responsible for the review and development of a recommendation for error correction and exception processing requests.

Requestor – is the stakeholder who initiates a request. This individual may be an OPS Analyst/Specialist or Supervisor requesting an opinion, information, or guidance, a Participant requesting a review of his/her account and any associated transaction, or, an FRTIB employee or vendor who identifies an error or initiates a request for information.

Review Panel – is the group of FRTIB team members, coordinated / brought together by the OPS Division Chief, that provide a decision for initial requests when it is determined that the request contains multiple facets and the outcome is not clear (such as when a situation is complicated because it contains both TSP and participant errors). The Review Panel is also used when an exception is considered, or a participant asks for reconsideration because he/she is not satisfied with a previously approved outcome or corrective action. A review panel generally consists of the Analyst/Specialist responsible for the case, his/her Supervisor, the Division Chief, a Correspondence Specialist (if not already the case Specialist), and a subject matter expert. Other external stakeholders may be asked to participate in the review panel should the situation warrant it.

Special Processing Unit (SPU) – is responsible for calculating or confirming breakage amounts and processing and verifying manual corrections, as instructed by the applicable stakeholder.

Correspondence Coordinator – is responsible for logging cases, creating case files, ensuring correspondence documentation is imaged and associated with the participant's (or beneficiary's) account, and generating monthly reports, etc.

Correspondence Supervisor – is responsible for assigning cases to the Analyst/Specialist to conduct reviews and ensuring results/decisions are documented and cases are closed.

3.0 APPLICABLE POLICIES

- Error Correction and Exceptions Processing Policy
- OPS Service Provider Performance Oversight Policy
- Contributions Policy

4.0 PROCEDURES

The TSP ensures daily operations are functioning on an efficient and systematic basis. On occasion, however, an error may occur in processing, an unusual condition exists for which there is no rule, regulation or process, or a participant-initiated action creates an unintended negative outcome. These requests are primarily received by the TSP's "Writtens Group," which is one of the groups at the TSP's contact centers. This is the first line of responders for written information and requests. However, such requests originate from numerous sources such as a call to a Participant Service Representative (PSR) or another FRTIB vendor, a secure participant e-message through the My Account portal, a letter directly to the FRTIB, the Executive Director, or even a member of the Agency's Board. An error or problem may be identified by an FRTIB employee during routine oversight of vendor operations or during the performance of regular duties. When these various types of situations cannot be handled as a routine matter, they are escalated to the Office of Participant Services.

Regardless of where the issue, request, or complaint originates, when such requests are elevated to OPS, a team member researches the circumstances to determine the source of the problem, validity of the complaint, and/or feasibility of the request for an accommodation.

The processes below relate to escalated situations that are elevated to OPS for its consideration. Items that result from an error (TSP or participant) follow the error correction process (section 4.1.1) outlined below. When no error exists and the request is related to something that is not adequately addressed in established rules, regulations or processes, the exception processing path (section 4.1.2) may be followed.

4.1.1 Error Corrections (ERC):

The Agency defines two error types. An error that originates from an action taken by the Agency is called a "TSP error." An error originating from a participant action is termed a "participant error." A TSP error may result from a system malfunction, a processing error, trade error, and in some cases, errors resulting from misinformation provided to the participant. A participant error results from an action taken by the participant that does not result in the participant's intended outcome. In either event, an OPS team member reviews the request to determine if an error has occurred, and the type/source of the error. Some errors may require FRTIB to perform activities that fall outside of

“routine” actions as listed in CFR Title 5, Chapter VI Federal Retirement Thrift Investment Board. Proper resolution may require reviews, guidance, and/or approval from the Office of General Counsel (OGC) and/or the Executive Director. Examples of error types include (but are not limited to):

Error Type	Examples
Participant Error	<ul style="list-style-type: none">• Misunderstanding by the participant
Thrift Savings Plan (TSP) Error	<ul style="list-style-type: none">• System error• Processing error• Trade error• Informational error

ERC - 1. The Requestor identifies and submits a claim of error to OPS. The Requestor may be a Participant requesting a review of his/her account and any associated transaction, or an FRTIB employee or vendor who identifies an error during the routine performance of his/her duties and initiates a review of the issue.

ERC - 2. Upon receiving a request, the OPS team member forwards the case to the Correspondence Supervisor to ensure that the case is logged into the (b)(7)e (b)(7)e

(b)(7)e (b)(7)e

ERC - 3. The Correspondence Supervisor forwards the information to the Correspondence Coordinator to log the case into (b)(7)e (b)(7)e and create the file. The case is assigned to the appropriate Analyst/Specialist.

ERC - 4. The OPS Analyst/Specialist conducts initial research to determine the nature of the request. The OPS Analyst/Specialist may consider documents and records from the (b)(7)e (b)(7)e the document imaging system, ThriftLine call logs, Web logs, etc.

Recorded calls to the TSP’s contact center may also be pulled to help identify the

source of the issue and facts surrounding the request. At times, the Analyst/Specialist will request additional information from the Participant.

- ERC - 5. If the research indicates that a TSP error occurred, the Analyst/Specialist determines if breakage is due (see section 4.1.3 for breakage procedures).
- ERC - 6. If, at the conclusion of the research, it is determined that the error occurred as a result of a participant action (i.e., participant error), then the request is denied (unless exceptional circumstances warrant consideration for exception processing). The Analyst/Specialist considers whether the circumstances warrant an exception (see section 4.1.2 for exception processing procedures).
- ERC - 7. As necessary, the OPS Analyst/Specialist reaches out to the Office of General Counsel (OGC) for legal interpretation or opinion.
- ERC - 8. If OGC review is required, an e-mail containing the relevant information (along with the participant/beneficiary name and any associated documentation) is sent to the Legal Review mailbox.
- ERC - 9. An Attorney from OGC conducts analysis and, if necessary, provides legal guidance or opinion based on their experience and applicable research. The Attorney sends the legal opinion to the requestor (generally the Analyst/Specialist) and schedules a follow-up meeting to provide additional details, if necessary.
- ERC - 10. After the conclusion of the research, the Specialist/Analyst makes a recommendation to his/her Supervisor.
- ERC - 11. The Supervisor may present/discuss the case with the Division Chief. More complex issues or circumstances are sent to a review panel for further consideration (see section 4.1.4 for review panel information).
- ERC - 12. If the recommendation is to deny the request and the recommendation is approved by the Supervisor, the decision is documented in a response to the participant by the Analyst/Specialist.

ERC - 13. If the recommendation provides for a correction of a TSP error that includes breakage, the Analyst/Specialist requests a breakage calculation from the Special Processing Unit (SPU) (see breakage rules in section 4.1.3).

ERC - 14. If the recommendation for correction is approved, the OPS Specialist/Analyst sends the final instructions to the SPU to implement the approved recommendation.

ERC - 15. The SPU implements activities provided in the instructions and notifies the OPS Analyst/Specialist at completion.

ERC - 16. The Analyst/Specialist notifies the participant of the determination and the corrective action taken (if any). Notification is initiated by the Analyst/Specialist. If the request is received via e-message, then the response is through the e-message system. If a written request is received directly at the FRTIB, then a written response is generated by the Analyst/Specialist.

ERC - 17. The Applicable Stakeholder (generally the Analyst/Specialist) documents the decision into the participant record (b)(7)e and provides the Correspondence Coordinator with a copy of the response to the participant and any supporting documentation.

ERC - 18. The Correspondence Coordinator ensures that the documentation and final result is imaged into the document imaging system (b)(7) and the case is closed in (b)(7)e

ERC - 19. The Applicable Stakeholder monitors the case to ensure errors were resolved effectively.

ERC - 20. The Correspondence Coordinator develops a monthly report of case work received, outstanding, and according to the decision that was approved.

4.1.2 Exception Processing (EXC):

Exception cases are generally “one-offs” that require the TSP to do something that may not be consistent with established policy, rules, or procedures. These include situations that have extenuating circumstances for which there is no rule, policy, or process, but which caused a negative outcome for a participant. Exceptions can only be granted by the authority of the

Executive Director as the Plan fiduciary. The Executive Director can also delegate authority to individuals to act on his behalf in certain circumstances.

- EXC - 1. The OPS Analyst/Specialist ensures the case is logged into the case management system.
- EXC - 2. The OPS Analyst/Specialist researches the exception request and makes a determination whether there is a valid basis for an exception.
- EXC - 3. The OPS Analyst/Specialist determines that an exception should be considered, then he/she discusses the recommendation with his/her Supervisor.
- EXC - 4. If the Supervisor agrees with the recommendation to pursue an exception, the recommendation is sent to the Division Chief for a panel review.
- EXC - 5. The Review Panel considers the relevant information along with the Analyst/Specialist's recommendation and accepts or denies the recommendation.
- EXC - 6. If the Review Panel determines that there is no basis for an exception, the OPS Analyst/Specialist documents the final decision in the participant record (b) (7)e and drafts a response to the participant/beneficiary.
- EXC - 7. If the Review Panel agrees that there is basis for an exception, the OPS Analyst/Specialist drafts a request for exception for the Executive Director through the Office Director (or directly to the Office Director, if authority is delegated) and sends the memorandum to OGC.
- EXC - 8. The OGC Attorney reviews the exceptions request and provides legal advice (as necessary) to the Analyst/Specialist.
- EXC - 9. The Analyst/Specialist provides the package containing the exceptions request to the OPS Office Director for consideration and his/her initial approval or denial.
- EXC - 10. If the OPS Office Director approves the exception request, a hard copy of the package is provided to the Executive Director for his consideration. The Executive Director (or his delegated representative, as applicable) reviews the recommendation for

exception, and approves or denies the request. The signed/initialed request for exception is returned to OPS.

EXC - 11. If the request for exception is approved, the OPS Analyst/Specialist sends final instructions to the appropriate processing units (SPU, LPU, etc.) to implement the approved recommendation.

EXC - 12. The SPU (or other appropriate processing unit) implements the instructions based on the approved recommendation and verifies the transaction.

EXC - 13. The OPS Analyst/Specialist develops a response and notifies the participant of the approval or denial.

EXC - 14. The Applicable Stakeholder documents the final decision in the participant record

(b) (7)e
(b)(7)e

EXC - 15. The assigned Analyst/Specialist provides the Correspondence Coordinator with a copy of the response to the participant, approvals or denials, and any supporting documentation.

EXC - 16. The Correspondence Coordinator ensures that the documentation and final result is imaged into the document imaging system (b)(7)e and the case is closed in (b)(7)e

EXC - 17. The Applicable Stakeholder conducts continuous monitoring activities to ensure errors were resolved effectively.

EXC - 18. The Correspondence Coordinator develops a monthly report of casework received, outstanding, etc. Reports are provided to the Correspondence Supervisor, Division Chief, OPS Deputy Director, and OPS Director.

4.1.3. Breakage (BRE):

Once it has been determined that a TSP error has occurred, the OPS Analyst/Specialist determines if breakage is due to the participant. For these purposes, breakage is the loss incurred or gain realized by the participant that results from a TSP error. Breakage is intended to make a participant whole. If the participant benefits from earnings as a result of a TSP error, the gain remains with the participant. If the outcome to the participant results in a

loss of earnings, the TSP will calculate the amount of loss subject to the rules in 5 CFR 1605.21.

- BRE - 1. The OPS Analyst/Specialist considers the threshold criteria and the stakeholders that will be required to review and approve the request and sends the breakage request to SPU to calculate the breakage.
- BRE - 2. The SPU analyst reviews and calculates the appropriate breakage amount based on the available information and guidance in 5 CFR 1605.21 and returns the breakage amount/calculations to OPS.
- BRE - 3. The OPS Analyst/Specialist confirms the calculation and determines the approval needs based on the confirmed breakage amounts detailed below. (Proceed to step ERC-14.)

Requires Review/Approval from	Threshold Amount
OPS Director	\$25,000 or less
Executive Director	greater than \$25,000

4.1.4 Review Panel (RVP):

The review panel is used for initial requests when it is determined that the request contains multiple facets and the outcome is not clear (such as when a situation is complicated by multiple errors containing both TSP and participant errors). The Review Panel is also used when a participant asks for reconsideration because he/she is not satisfied with a previously approved outcome or corrective action or when an exception is considered.

- RVP - 1. If a request is received for reconsideration of a denial, the Correspondence Supervisor ensures that the case is logged into (b)(7)e
- RVP - 2. The case is logged, a file is created, and the case is assigned to the appropriate Analyst/Specialist.

- RVP - 3. The OPS Analyst/Specialist conducts initial research to determine if the original request was denied by OPS or one of the TSP's delegated vendors (such as the Writtens Group or SPU).
- RVP - 4. If OPS staff denied the original request, the Analyst/Specialist conducts a review to determine if there is any new information or evidence that should be considered. If new information or evidence is not available or does not exist, the denial stands and the Analyst/Specialist sends a letter to the participant informing him/her that they have exhausted further appeal rights. If there is new information or evidence, the Analyst/Specialist conducts a review to determine if a reversal should be made. The Analyst/Specialist's recommendation is forwarded to the review panel for consideration and determination.
- RVP - 5. If the original request was denied by one of the TSP's delegated vendors, it follows the error correction or exception processing request path, as appropriate.
- RVP - 6. If a first-time case is forwarded to the review panel because of the complexity of the circumstances surrounding the request, the review panel considers the initial recommendation from the Analyst/Specialist and makes a determination. The Analyst/Specialist determines next steps based on the outcome of the review panel.
- RVP - 7. If the request is for an exception, the review panel considers the recommendation from the Analyst/Specialist and makes a determination. The Analyst/Specialist determines next steps based on the outcome of the review panel (see EXC – 4).

5.0 AUTHORITIES AND REFERENCES

- Federal Employees' Retirement System Act of 1986
- 5 CFR Part 1605 1605

6.0 REVISION HISTORY

Date	Version	Author	Comments <i>(briefly summarize change)</i>
3/21/2018	0	Sophie Dmuchowski	Initial Version
12/2/20	1	Maria Nunez-Gaylor	General Updates and Refinements

7.0 APPROVAL

Name: _____
Tee Ramos

Title: Director, OPS

8.0 Appendices

The flowcharts in Appendix C are provided only as a reference. Any ambiguity or confusion between the flowcharts and the Error Correction and Exceptions policy and procedures should be resolved in favor of the policy and procedures.

Appendix A: Sample Documents

- None

Appendix B: Reference Material

- None

Appendix C: Flowcharts

- Error Correction (ERC)
- Exceptions Processing (EXC)
- Breakage (BRE)
- Review Panel (RVP)

Special Processing Cases Procedures

Federal Retirement Thrift Investment Board
Effective Date: November 30, 2020

Special Processing Cases Procedures

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1. Overview

The Federal Employees' Retirement System Act of 1986 (FERSA) authorized the Federal Retirement Thrift Investment Board (FRTIB), an independent agency of the U.S. Executive Branch, to administer the Thrift Savings Plan (TSP), one of the three components of the Federal Employees' Retirement System (FERS). The TSP is a defined contribution plan for U.S. Federal employees (including those covered by the Civil Service Retirement System (CSRS)) and members of the uniformed services. FRTIB and TSP are collectively referred to as the Agency. The mission of FRTIB is to administer the TSP solely in the interest of the participants and beneficiaries.

The TSP Accounting Division within The Office of Participant Services (OPS) manages and executes the various accounting activities of the TSP (e.g., the Plan) in accordance with generally accepted accounting principles (GAAP) in the United States of America. The division follows accounting principles and directives issued by the Federal Accounting Standards Advisory Board (FASAB) and the Government Accountability Office (GAO). The division ensures that daily and monthly activity in the Plan's general ledger is recorded timely and accurately in order to provide relevant data to TSP stakeholders and to maintain excellent relationships with entities that oversee, regulate, govern, influence, and contribute to the TSP.

The Accounting Lifecycle in Figure 1 presents the roadmap used by OPS to manage and execute the accounting activities.

Figure 1:



The Special Processing Cases Procedures, part of Step 5 of the Accounting Lifecycle, describe how special participant and beneficiary cases are handled by the TSP (e.g., Plan) Accounting Ledger team. These cases are the result of participant and beneficiary transactions that deviated from the usual processing procedures due to errors and miscommunications. Such cases are processed manually by the Special Processing Unit (SPU) and the Plan’s Accounting Division. Correcting these transactions contributes directly to FRTIB’s mission of administering the TSP solely in the interest of participants and beneficiaries, and FRTIB’s goal of pursuing flawless operations.

This document sets forth FRTIB’s procedures related to special processing cases. These procedures are applicable to the following Offices: OPS.

2. Roles and Responsibilities

Special Processing Unit (SPU) – is the contractor responsible for notifying FRTIB of special cases that need to be processed manually.

Accountant – is the accountant responsible for receiving the notification from the SPU and researching the case in order to post the necessary correcting journal entries in Savantage.

Branch Supervisor/Team Lead – is responsible for reviewing the special case and approving the proposed correcting journal entries.

3. Applicable Policies

- Accounting Policy

4. Procedures

4.1. Special Processing Cases (SPC)

The SPU emails the Accounting Division whenever a special case arises that must be processed manually. Special cases are typically triggered by an error in processing a transaction that causes a participant to contact a Participant Services Representative (PSR). The email will include a template with notes from the (b)(7)e system. Accountants run a query to generate all the journal entries related to the participant to isolate the relevant entries to the case. Accountants then analyze the case and determine what journal entry should be posted in the General Ledger System (b)(7)e in order to reflect accurate and complete financial records for the Plan.

The following procedural steps describe the notification, review, and resolution process for special processing cases.

- SPC - 1 The SPU sends an email to notify the Accounting Division Team of a special case that needs to be processed manually.
- SPC - 2 The Accountant receives the email and copies the email's information, along with the PSR notes, into an excel template.
- SPC - 3 The Accountant runs a query in the (b)(7)e system to retrieve journal entry information that is relevant to the case.
- SPC - 4 The Accountant analyzes the data and determines which entries should be posted in Savantage to resolve the case. Once the Accountant determines the resolution, he or she forwards the case template and proposed journal entry information to the Branch Supervisor/Team Lead.
- SPC - 5 The Branch Supervisor/Team Lead reviews the case template and proposed journal entries.
- SPC - 6 If he or she does not approve the proposed journal entries, he or she returns the case template to the Accountant with comments for revision. Refer to step SPC-4.
- SPC - 7 Once the Branch Supervisor/Team Lead approves the proposed correcting

journal entries, he or she signs off on the entries and notifies the Accountant to proceed.

SPC - 8 The Accountant receives the approval notification, signs off on the template, and posts the correcting entries in Savantage.

5. Authorities and References

- Federal Employees' Retirement System Act of 1986 (FERSA)
- United States of America Generally Accepted Accounting Principles (GAAP)

- **Revision History**

Date	Version	Author	Comments <i>(briefly summarize change)</i>
04/18/2016	0	Khatrina Higgs/ William Jacobson	Initial Version
05/07/2018	0	Virgil Savage	Revision Reflects Office Change from OCFO to OPS
08/28/2020	1	Alan Ghazi	Re-Certification
11/19/20	1	Virgil Savage	Reviewed and certified with no changes

6. Approval

Name: _____
Tee Ramos

Title: Office Director, OPS

7. Appendices

Appendix A: Sample Documents

- Special Processing Case Excel Template

Appendix B: Reference Material

- None

Appendix C: Flowcharts

- Special Processing Cases (SPC)

Reimbursement Policy for Unauthorized TSP Disbursements

Federal Retirement Thrift Investment Board
Effective Date: November 30, 2020

Reimbursement Policy for Unauthorized TSP Disbursements

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1.0 OVERVIEW

The Federal Employees' Retirement System Act of 1986 (FERSA) authorized the Federal Retirement Thrift Investment Board (FRTIB), an independent agency of the U.S. Executive Branch, to administer the Thrift Savings Plan (TSP), one of the three components of the Federal Employees' Retirement System (FERS). The TSP is a defined contribution plan for U.S. Federal civilian employees (including those covered by the Civil Service Retirement System (CSRS) as well as members of the uniformed services). FRTIB and TSP are collectively referred to as the Agency. The mission of FRTIB is to administer the TSP solely in the interest of its participants and beneficiaries.

The Office of Participant Services (OPS) is the FRTIB office tasked with talking to participants, efficiently executing their requests, and resolving their TSP account problems. OPS further strives to improve the TSP participant experience through policy and process innovation. OPS handles escalated issues having to do with service delivery and the application of policy, rules and regulations.

This reimbursement policy supports the Department of Treasury regulation 31 C.F.R Part 210, Federal Government Participation in the Automated Clearing House (ACH) and the FRTIB determination that the TSP is subject to the ACH rules set forth in this regulation. This document sets forth FRTIB's policy related to the implementation for reimbursing participants who fall victim to unauthorized disbursements. It provides guidance for FRTIB activities and the conditions that must be met by participants and beneficiaries when an unauthorized disbursement occurs in order for the participant or beneficiary to be eligible for a reimbursement.

For purposes of this policy, corrections related to TSP and Agency errors are not covered by this policy unless otherwise noted. These processes are covered under error correction regulations but are considered when a TSP error contributes to, and results in, an unauthorized disbursement.

This policy applies to all TSP participants and beneficiaries who are affected by an unauthorized disbursement from their TSP accounts. An unauthorized disbursement relates to any loan or withdrawal

that was requested without the participant's or his/her legal representative's knowledge and consent. The policy applies to unauthorized disbursements that are made via ACH as well as check disbursements when a negotiating bank is found not to be liable once the Treasury investigation is complete.

This policy affects OPS, Office of Enterprise Risk Management (OERM), the Office of the Executive Director (OED), Office of Chief Financial Officer (OCFO), and the Office of General Counsel (OGC). The office responsible for this policy is OPS.

2.0 POLICY

This policy provides for reimbursement of TSP funds when there is a substantiated fraud against a TSP account of a participant or beneficiary. It allows reimbursement of the unauthorized money out transaction when defined conditions are met.

This policy covers participants who report an unauthorized disbursement to the TSP that occurred January 1, 2014 or later, and where the OERM Anti-Fraud Division (AFD) investigated and confirmed the unauthorized disbursement.

The reimbursement policy for unauthorized disbursements is comprised of the following components:

2.1 Notification

Participants must review accounts regularly and report unusual activity in a timely manner. The participant or participant beneficiary must report the activity by any means available, such as via phone to the Thriftline, e-message through the participant's account, in letter form to the TSP, etc. In order to be eligible for reimbursement, the participant must report the unauthorized withdrawal to the TSP no later than 60 calendar days after the annual/quarterly statement in which the unauthorized disbursement is documented and occurred.

2.2 Investigation

Upon receiving a complaint of an unauthorized withdrawal, the participant will be mailed the Form TSP-82 (Fraud Complaint Form) and instructed to file a police report. The Fraud Complaint Form must be returned to TSP within 30 calendar days. An additional grace period may be authorized by OERM AFD for unusual circumstances. Upon receiving a completed Fraud Complaint Form, OERM AFD will conduct an investigation in accordance with OERM AFD policy and procedures to determine whether sufficient evidence exists to establish a reasonable basis for concluding fraud has occurred¹.

2.3 Eligibility for Reimbursement

FRTIB will deny any claim that does not meet the requirements set forth in this policy and the associated. The participant must not have participated directly or indirectly in conducting the unauthorized disbursement and must never intentionally share account access information with any individual who requested the unauthorized disbursement.

2.4 Reimbursement

For a qualified reimbursement, the participant or participant beneficiary is reimbursed the full amount of the unauthorized disbursement. Per 31 C.F.R. section 210.6(b), the Agency's liability shall be limited to the amount of the unauthorized disbursement; therefore, the payment will not reflect earnings and losses.

3.0 APPLICABLE PROCEDURES

- Reimbursement for Unauthorized Disbursement Procedures
- OERM Anti-Fraud Division TSP Fraud Investigations Procedures
- Error and Exception Processing Procedures
- Withdrawal Procedures

¹ The term fraud used within this policy refers to "suspected fraud". Whether an individual is legally guilty or not guilty of committing fraud is a determination to be made through the judicial or other adjudicative system.

4.0 REVISION HISTORY

Date	Version	FRTIB Author	Comments
11/16/2020	0	Cindy Winn, Office of Participant Services	Initial

5.0 APPROVAL

Name: **GUADALUPE RAMOS** Digitally signed by GUADALUPE RAMOS
Date: 2020.12.01 09:22:36 -05'00' Date: _____
Tee Ramos

Title: Director, OPS

Name: **SUZANNE TOSINI** Digitally signed by SUZANNE TOSINI
Date: 2020.12.01 13:33:28 -05'00' Date: _____
Suzanne Tosini

Title: Chief Operating Officer, FRTIB

Reimbursement Procedures for Unauthorized TSP Disbursements

Federal Retirement Thrift Investment Board
Effective Date: March 31, 2021

Reimbursement Procedures for Unauthorized TSP Disbursements

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1.0 OVERVIEW

The Federal Employees' Retirement System Act of 1986 (FERSA) authorized the Federal Retirement Thrift Investment Board (FRTIB), an independent agency of the U.S. Executive Branch, to administer the Thrift Savings Plan (TSP), one of the three components of the Federal Employees' Retirement System (FERS). The TSP is a defined contribution plan for U.S. Federal civilian employees (including those covered by the Civil Service Retirement System (CSRS) as well as members of the uniformed services). FRTIB and TSP are collectively referred to as the Agency. The mission of FRTIB is to administer the TSP solely in the interest of its participants and beneficiaries.

The Office of Participant Services (OPS) is the FRTIB office tasked with talking to participants, efficiently executing their requests, and resolving their TSP account problems. OPS further strives to improve participant account security through policy and process innovation. OPS handles escalated issues having to do with service delivery and the application of policy, rules, and regulations. To accomplish these goals, OPS manages the key business processes related to account servicing including contributions and money-in services, the loan program, withdrawal services, participant account inquiries, participant investment services, legal processing, death benefits and account security.

These procedures apply to the reimbursement of funds when TSP participants or beneficiaries report an unauthorized disbursement has occurred due to potential fraud and the Office of Enterprise Risk Management Anti-Fraud Division concludes its investigation and determines the fraud has occurred. This document sets forth FRTIB's procedures for reimbursing participants and beneficiaries for a qualified unauthorized disbursement claim. These procedures are intended to provide guidance surrounding the rules that govern reimbursement for the loss of funds when a participant (or beneficiary) is a fraud victim of an unauthorized money out transaction. These procedures also provide guidance for conditions that must be met by participants and beneficiaries when an unauthorized disbursement occurs in order for the participant or beneficiary to be eligible for a reimbursement.

The Reimbursement Procedures for Unauthorized TSP Disbursements describe the Agency's response to individual TSP accounts following an unauthorized disbursement, which includes working with the applicable offices to implement the unauthorized disbursement policy. (Note: For purposes of these procedures, the terms "participant" and "beneficiary" are used interchangeably.)

These procedures are applicable to the following Offices: OPS, Office of Enterprise Risk Management (OERM), the Office of the Executive Director (OED), Office of Chief Financial Officer (OCFO), and the Office of General Counsel (OGC). The office responsible for these procedures is OPS.

2.0 ROLES AND RESPONSIBILITIES

OERM – OERM Anti-Fraud Division (AFD) is responsible for investigating a claim of an unauthorized disbursement from a participant or beneficiary account to determine if a fraudulent disbursement was processed. The responsibilities include providing communication to the participant/beneficiary and providing the TSP-82, Fraud Complaint Form, to initiate the fraud investigation. AFD is also responsible for making an initial determination of reimbursement eligibility and facilitating the approval from the Chief Risk Officer and the OPS Office Director.

Account Security – is the team within OPS responsible for facilitating the reimbursement of the unrecovered disbursements, providing instruction on corrective actions to SPU, and ensuring that final approval memo and corrective action information is disseminated to the appropriate stakeholders.

SPU – is the Special Processing Unit responsible for processing the reimbursement, any recovered funds, reversing the taxes and initiating any 1099-R corrections through the record keeping system; ensure OCFO is notified when the correction posts in the record keeping system.

OGC – provides guidance to OPS in determining whether Agency error has occurred and throughout the fraud investigations, as necessary.

OCFO – is the office responsible for ensuring that actions are recorded appropriately in the general ledger.

Chief Risk Officer – approves AFD reimbursement eligibility determination.

OPS OD – approves AFD reimbursement eligibility determination and has the delegated authority to approve the reimbursement.

Executive Director – approves or denies the request for reimbursement as policy exception for fraud reimbursement cases escalated by the OPS Director.

3.0 APPLICABLE POLICIES

- Reimbursement Policy for Unauthorized TSP Disbursements
- Anti-Fraud Policy
- Error Correction and Exception Processing Policy
- Accounting Policy

4.0 PROCEDURES

4.1 Notification

4.1.1 A participant will contact the TSP to report an unauthorized disbursement from his or her account. The participant may report the activity by phone to a Participant Service Representative (PSR) at the Contact Center, e-message through the participant's account, or written correspondence to the TSP, etc.

4.1.2 If there is a pending money out transaction on the account, or a disbursement, the notification will be forwarded expeditiously to AFD with a copy of the request to the Account Security team.

4.1.3 If the claim relates to a disbursement that was made:

- Less than 7 years earlier, the claim will be forwarded to the AFD with a copy to the Account Security team for an initial analysis of the circumstances. AFD will verify the complaint and take further action. Based on the outcome of the investigation, the Participant or Beneficiary may or may not be eligible for reimbursement.
- More than 7 years earlier, the TSP will not investigate. AFD will verify the complaint and send the participant a letter explaining that the TSP will not investigate due to the age of the disbursement.

4.2 Investigation

AFD will investigate the claim of unauthorized disbursement in accordance with the TSP Fraud Investigation procedures.

4.2.1 AFD will be responsible for initiating the mailing of the official claim form (TSP-82, Fraud Complaint Form) to the participant. The disbursement form that was used to make the payment will also be provided to the participant for review. The participant is required to complete and return the claim form within 30 calendar days. The participant may request an extension from AFD. AFD may grant or deny the request for an extension.

4.2.2 AFD will conduct the investigation upon receipt of the completed claim form. AFD may take immediate action to prevent or recover disbursed funds prior to receipt of the completed claim form.

4.2.3 AFD will make a determination whether the disbursement was authorized or unauthorized based on the investigation results.

4.2.4 If the AFD investigation determines the disbursement was unauthorized, AFD will draft memorandum of reimbursement eligibility or ineligibility to the Chief Risk Officer and OPS Director for approval.

4.2.5 OPS Director authorizes the reimbursement of eligible TSP participants as determined and approved by OERM.

4.2.6 Executive Director reviews and approves any TSP fraud reimbursement exceptions as escalated by the OPS Director.

4.3 Determining Eligibility for Reimbursement

To qualify for reimbursement under the Reimbursement Policy for Unauthorized TSP Disbursements, participants must meet certain requirements. FRTIB will deny any claim that does not meet the requirements set forth under this procedure and the associated policy.

4.3.1 The participant must notify TSP within 60 calendar days from date of quarterly/annual statement which first shows the unauthorized transaction.

4.3.2 The participant must never have intentionally shared his or her account access information with any individual who requested the unauthorized disbursement. If the participant intentionally shares account access information with a third party, and that authorization resulted or contributed to the unauthorized disbursement, the FRTIB can impute those transactions as authorized and FRTIB may deny reimbursement.

4.3.3 The participant must submit a claim (Form TSP-82, Fraud Complaint Form) to the TSP and (if they have not already done so) file a police report (or execute an affidavit) within 30 days of Form TSP-82 being mailed to the participant and must provide a copy to the TSP (as instructed). An additional grace period may be granted by AFD for unusual circumstances.

4.3.4 The participant must not have participated directly or indirectly in committing the unauthorized disbursement.

4.3.5 The participant must cooperate with the investigation by working with AFD and law enforcement (when applicable).

4.3.6 Participants must take an active role in monitoring their accounts. TSP participants must review their account statement carefully and report any unauthorized disbursements to the TSP in a timely manner.

4.4 Reimbursement

For a qualified reimbursement, the participant will be reimbursed the unrecovered amount of the fraudulent disbursement. The FRTIB will not reimburse participants who are implicated for participating directly or indirectly in the fraudulent disbursement.

4.4.1 The TSP will reimburse the unrecovered funds as soon as administratively feasible but not later than the 90th day following receipt of Form TSP-82 and police report and/or affidavit.

4.4.2 Breakage will only be paid in the event a TSP error contributed to the commission of the fraud in accordance with OPS Error Correction and Exception Processing policy and procedures.

4.4.3 OPS will work with AFD to determine the amount of the reimbursement. The reimbursement will be offset by any amounts recovered from any sources. This may include,

but is not limited to, the receiving financial institution, the fraudster, or Federal taxes from the IRS.

4.4.4 Reimbursed amounts, along with any recovered amounts, will be returned to the participant's or beneficiary's account, and placed in the funds and sources from which the funds were removed.

4.4.5 If the participant/beneficiary account was closed as a result of the unauthorized disbursement, the account will be reestablished.

4.4.6 Following reimbursement, the participant will be instructed that any further recovery efforts (e.g., by law enforcement or through a court order) that result in additional recovery of funds because of the unauthorized disbursement must be returned to the TSP.

4.4.7 Corrective actions for an unauthorized loan disbursement may require additional steps which could include return of any repayments the participant has made on the unauthorized loan, adjustment to the participant's MLA (Maximum Loan Amount), and suspension of the 60-day waiting period between loans.

4.4.8 As necessary, the TSP will adjust or correct any tax reporting for the participant or beneficiary. If the transaction occurred within 3 (current year and previous 2 years) tax reporting years, and taxes were withheld, the TSP will recover the Federal taxes and, if a 1099-R was already issued, develop a corrected 1099-R for the participant/beneficiary. If the disbursement was not yet reported, the 1099-R will be suppressed.

4.5 Communication

4.5.1 AFD will draft and send the decision letter and all other correspondence related to the fraud investigation to the participant and provide a copy of the approved reimbursement memo to OPS.

4.5.2 OPS will image the approval memo into the participant/beneficiary's account record and provide SPU, OCFO and TSP Accounting copies of the approval memorandum, and instructions for reimbursement of the unrecovered funds, tax recovery, 1099-R correction information, and any other instructions necessary for the particular circumstances.

4.5.3 SPU will notify OPS, AFD, OCFO and TSP Accounting when the reimbursement is posted in the recordkeeping system in accordance with their procedures and enter a PSR note when the adjustment is complete.

5.0 AUTHORITIES AND REFERENCES

- Federal Government Participation in the Automated Clearing House (ACH) 31 C.F.R. Part 210

Revision History

Date	Version	Author	Comments <i>(briefly summarize change)</i>
03/18/2021	1.0	Cindy Winn, OPS	Initial Version

6.0 APPROVAL

Name: GUADALUPE RAMOS Digitally signed by GUADALUPE RAMOS
Date: 2021.03.24 08:05:03 -04'00'
Tee Ramos

Title: Director, OPS

7.0 APPENDICES

Appendix A: Sample Documents

- Executive Director memorandum approval
- Reimbursement instructions to SPU
- OPS OD delegation of authority memo

Appendix B: Reference Material

- OGC Memorandum Treasury ACH Rules for Federal Agencies