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Description of document: Federal Retirement Thrift Investment Board (FRTIB) Thrift Savings Plan (TSP) Withdrawal Procedures - OPS 121, 2020

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FEDERAL RETIREMENT THRIFT INVESTMENT BOARD  
77K Street, NE Washington, DC 20002

August 6, 2024

I am responding to your request received on July 19, 2024, 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 Agency considered the foreseeable harm standard with all records relevant to your request, when applying any FOIA exemptions that were applicable to those records. The request and our response are set forth below. The request and our response are set forth below.

REQUEST

A complete copy of FRTIB document OPS 121 entitled Withdrawal Procedures

RESPONSE

Your request is granted. Please see the attached document.

APPEAL

If you would like to appeal this decision, you may do so in writing within 90 days of receipt of this decision to the following address:

Federal Retirement Thrift Investment Board  
77 K St., Suite 1000  
NE, Washington, DC 20002

The appeal should be addressed to the Executive Director and clearly labeled as a "Freedom of Information Act Appeal." Please also cite the FOIA request case number 24-TIB-99. 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](mailto: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.

The 2007 FOIA amendments created the Office of Government Information Services (OGIS) to offer mediation services to resolve disputes between FOIA requestors and Federal agencies as a non-exclusive alternative to litigation. Using OGIS services does not affect your right to pursue litigation. You may contact OGIS in any of the following ways:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road - OGIS  
College Park, MD 20740-6001  
E-mail: [ogis@nara.gov](mailto:ogis@nara.gov)  
Web: <https://www.archives.gov/ogis>  
Telephone: 202-741-5770  
Fax: 202-741-5769  
Toll-free: 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](mailto:FOIAREQUEST@tsp.gov).

Sincerely,  
**AMANDA**  
**HAAS**  
Amanda Haas  
FOIA Officer

Digitally signed by  
AMANDA HAAS  
Date: 2024.08.07  
11:54:04 -04'00'

# **Withdrawal Procedures**

**Federal Retirement Thrift Investment Board**  
**Effective Date: March 31, 2020**

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# Withdrawal Procedures

## TABLE OF CONTENTS

1. Overview.....	4
2. Roles and Responsibilities .....	5
3. Applicable Policies .....	6
4. Procedures.....	6
5. Authorities and References .....	15
6. Revision History .....	15
7. Approval .....	15
8. Appendices.....	16

## 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 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. To accomplish these goals, OPS manages the key business processes related account to servicing including contributions and money-in services, the loan program, withdrawal services, participant account inquiries, participant investment services, legal processing, and death benefits. For staffing purposes, OPS currently delineates these key business processes into the following functional areas:

- **Contact Centers**--Disseminate information about the TSP and individual participant accounts, facilitate TSP account error resolution, and process participant correspondence;
- **Agency Technical Services (ATS)**---provides the interface between the TSP and the participant's employing agency and payroll office;
- **Special Processing Unit (SPU)**—processes roll-ins and forfeiture restorations and responds to numerous special processing needs;
- **Service Bureau**—Oversees timely forms processing;
- **Death Benefits Processing Unit (DBPU)** and the **Legal Processing Unit (LPU)**—handle special case resolution related to participant death and legal matters.

OPS's Withdrawals Procedures describe how the FRTIB facilitates the disbursement of money to participants from TSP accounts in a secure, accurate, and consistent manner.

This document sets forth FRTIB's procedures related to post-separation withdrawals, in-service withdrawals, disbursements, automatic cash-outs, and required minimum distributions (RMDs). These Procedures are applicable to the following offices: OPS and Office of General Counsel (OGC).

## 2. Roles and Responsibilities

*Department of Treasury* – is the federal agency responsible for distributing funds to the participant in the disbursement process.

*Employing Agency* – is the federal agency or service that employs the participant, and is responsible for submitting notification to the TSP when a participant separates from Government service.

*Office of the General Counsel (OGC)* – is the FRTIB office that provides legal guidance on withdrawal related issues, as necessary.

*OMNI* – is the retirement plan administration and recordkeeping system that allows for automated withdrawal processing.

*OPS Director and Deputy Director* – make final determinations on withdrawal exceptions.

*Print/Mail Vendor* – is a contracted resource that uses TSP-provided information to send notices to participants.

*Participant* – makes decisions regarding withdrawal elections from his or her TSP account(s) and submits requests.

*Service Bureau* – is a contracted resource that is responsible for receiving, reviewing, and processing withdrawal election requests.

*Special Processing Unit (SPU)* – is a contracted resource that processes TSP transactions requiring special handling and is responsible for manual processing for approved participant-requested exceptions or corrections.



*Benefits Specialist* – conducts research and makes recommendations about granting withdrawal exceptions, identifies and corrects issues, reviews and initiates policy, and is the subject matter expert for withdrawals.

### **3. Applicable Policies and Procedures**

- Withdrawal Policy
- Loan Policy
- Error Correction and Exception Processing Policy
- Plan Disbursement Procedures

### **4. Procedures**

#### **4.1 Post-Separation Withdrawals (PSW)**

- 4.1.1 OPS is responsible for the overall post-separation withdrawal process which includes devising all rules and guidelines used by the Service Bureau and the TSP website in processing these types of withdrawal requests, responding to issues regarding that process, making changes to the process to increase efficiencies or implementing an FRTIB change in policy (and the overall implementation of the changes), and communications of these changes to affected vendors. Types of post-separation withdrawals are set forth under 5 CFR 1650.11 – 17 and 1650.21 - 25.
- 4.1.2 If the account has a balance of \$200 or more, a notification is sent by the Print/Mail Vendor to the participant explaining the options for remaining in the TSP or making a withdrawal election.
- 4.1.3 If a participant separates prior to becoming vested in the Agency Automatic 1% contribution, those non-vested funds are forfeited to the TSP (unless the participant died while actively employed).
- 4.1.4 Post-Separation Withdrawal Form Submission
- 4.1.5 A participant must log in and initiate a request for a withdrawal through My Account on the TSP website at TSP.gov.

- 4.1.6 The participant may be able to complete the post-separation withdrawal request entirely on tsp.gov if they are not married (FERS or uniformed services participants), do not want a trustee to trustee transfer, and are not selecting a joint annuity or an annuity with beneficiaries (this is referred to as “one and done”). This type of request is processed automatically through the recordkeeping system without any intervention by the Service Bureau.
- 4.1.7 Forms are submitted to, and processed by, a contracted vendor following previously established standard operating procedures.
- 4.1.8 Post-Separation Withdrawal Form Processing
- 4.1.9 The Service Bureau receives and reviews the participant’s withdrawal request for completion and accuracy.
- 4.1.10 Married FERS and uniformed service participants must obtain spousal consent for the post-separation withdrawals and installment changes to their payment amount and frequency as required by law. Spouses of CSRS participants are notified of the participant’s distribution request.
- 4.1.11 If the participant is ineligible to complete the form entirely online, he or she must print out the summary information and applicable pages provided by the system that are necessary to complete the request. The summary page, along with the applicable completed pages must be submitted to the Service Bureau via fax or mail.
- 4.1.12 If the request is rejected, the recordkeeping system generates a participant notification of rejection that is mailed through the Print/Mail Vendor. In addition, an SMS text message and/or email is sent to the participant’s validated contact information. If the participant is eligible for the withdrawal, the participant must initiate a new request on the TSP website.
- 4.1.13 If, at the time of request, the date of separation has not been submitted to the TSP by the participant’s employing agency, the website will not allow the participant to initiate the post-separation withdrawal request because the participant is not eligible for a post-separation withdrawal. If the participant’s status changes from separated to active following the initiation of the withdrawal request and the TSP receives a form, the TSP puts the request on

hold for 30 days while awaiting agency notification. If the separation information is not received from the employing agency after the 30 day period, the participant is notified that the request cannot be processed because a separation code has not been received from the employing agency.

- 4.1.14 If the request is valid, it moves through the OMNI system and is processed during the next nightly batch cycle. Transactions must be submitted to the nightly batch cycle by 12pm EST. If the request is rejected in the batch cycle, the recordkeeping system generates a participant notification of rejection that is mailed through the Print/Mail Vendor. In addition an SMS text message and/or email is sent to the participant's validated contact information. If the participant is eligible to take a withdrawal, the participant must initiate a new request on the TSP website.
- 4.1.15 The post-separation withdrawal process is completed within OMNI, the funds are distributed by Treasury, and a confirmation notice is sent to the participant. In addition, an SMS text message and/or email is sent to the participant's validated contact information.

## **4.2 In-Service Withdrawals (ISW)**

- 4.2.1 OPS is responsible for the overview of the in-service withdrawal process which includes devising all rules and guidelines used by the Service Bureau and the TSP website in processing these types of withdrawal requests, responding to issues regarding that process, and making changes to the process to increase efficiencies or to implement a FRTIB change in policy and the overall implementation of the changes and communications of these changes to affected vendors. Types of in-service withdrawals are set forth under 5 CFR 1650.31-34 and 1650.41-42.
- 4.2.2 In-Service Withdrawal Form Submission
- 4.2.3 A participant must login and initiate a request for a withdrawal through My Account on tsp.gov.
- 4.2.4 The participant may be able to complete the withdrawal request entirely on the TSP website at TSP.gov if they are not married (FERS or uniformed services participants), or do not want a trustee to trustee transfer (this is referred to as "one and done"). This type of request is

processed automatically through the recordkeeping system without any intervention by the Service Bureau. If the participant is ineligible to complete the form entirely online, he or she must print out the summary information and any applicable pages provided by the system that are necessary to complete the request. The summary page, along with the applicable completed pages must be submitted to the Service Bureau via fax or mail.

- 4.2.5 A participant who has been automatically enrolled can elect to receive a refund of their contributions within 90 days of the first contribution. Matching contributions associated with the automatic enrollment refund are forfeited to the TSP.
- 4.2.6 Forms are processed by a contracted vendor following previously established standard operating procedures.
- 4.2.7 In-Service Withdrawal Form Processing
- 4.2.8 The Service Bureau receives and reviews the participant's withdrawal request for completeness and accuracy.
- 4.2.9 Married FERS and uniformed service participants must obtain spousal consent for the in-service withdrawal, as required by law. Spouses of CSRS participants are notified of the participant's distribution request.
- 4.2.10 If the participant is ineligible to complete the form entirely online, he or she must print out the summary information and any applicable pages provided by the system that are necessary to complete the request. The summary page, along with the applicable completed pages, must be submitted to the Service Bureau via fax or mail.
- 4.2.11 If the request is valid, it moves through the OMNI system and is processed during the next nightly batch cycle. Transactions must be submitted to the nightly batch cycle by 12pm EST. If the request is rejected in the batch cycle, the recordkeeping system generates a participant notification of rejection that is mailed through the Print/Mail Vendor. In addition, an SMS text message and/or email is sent to the participant's validated contact information. If the participant is eligible for the withdrawal, the participant must initiate a new request on the TSP website.

4.2.12 The in-service withdrawal process is completed within OMNI, the funds are distributed by Treasury, and a confirmation notice is sent to the participant. In addition, an SMS text message and/or email is sent to the participant's validated contact information.

### **4.3 Disbursements (D)**

#### **4.3.1 Disbursements to Participants**

- D-1. Automated daily batch processing is conducted within OMNI to identify payments for disbursement.
- D-2. The disbursement process is initiated within OMNI and a file is sent to Treasury.
- D-3. The payment is disbursed by the Department of Treasury. Payment may be made by check to the participant, his/her IRA or eligible retirement plan, or can be made via direct deposit to a savings or checking account designated by the participant. If the participant chooses to purchase an annuity through the TSP, payment is made to the annuity vendor.

#### **4.3.2 Undeliverable Disbursements**

- D-4. If a disbursement is undeliverable, the payment is returned to the Department of Treasury.
- D-5. SPU receives a report from the Department of Treasury containing details for undeliverable disbursements.
- D-6. SPU performs a review of the participant's account for undeliverable disbursements and attempts are made to contact the participant/beneficiary to see if new/updated information can be found. If locating the participant is unsuccessful, the funds are forfeited to the TSP.
- D-7. The SPU attempts to distribute a notification of forfeiture to the participant.

#### **4.4 Automatic Cash-outs**

TSP accounts with small account balances less than \$5.00 upon participant separation are subject to forfeiture. TSP accounts with an account balance less than \$200 but greater than \$5 are subject to automatic cash-out at participant separation.

##### **4.4.1 Small Account Balance Cash-outs and Forfeitures**

- AC-1. The participant's employing agency submits the payroll file containing the participant's separation date to the TSP.
- AC-2. Upon receipt of the separation date, the appropriate separation code is recorded in OMNI.
- AC-3. A sweep is run in OMNI to identify accounts that belong to participants who have been separated from Government service (or the uniformed services) for more than 30 days and have a vested account balance of less than \$200.
- AC-4. If the account of a separated participant has a balance of less than \$5, the account balance is forfeited to the TSP. This action is noted on the participant's quarterly statement along with instruction for collecting this balance.
- AC-5. If the account has a balance of less than \$200 but at least \$5, the account balance is automatically paid to the participant in a single payment following the disbursement procedures detailed in section 4.3.

#### **4.5 Required Minimum Distributions (RMDs)**

- 4.5.1 The IRS requires separated participants who are at least age 72, or for those who turned 70 ½ in the year 2019 or earlier, to make a minimum withdrawal from their TSP accounts each year. The first RMD must be made by April 1 of the year following the year in which the participant reaches at least age 72 (or 70 ½ in 2019 and earlier) and is separated from service. Subsequent year distributions must be made by December 31 of that year. The TSP facilitates automatic disbursement of the RMDs, as applicable, for those participants in installment payment status, and for those participants who have not met the RMD through withdrawals.

4.5.2 During the RMD end of year processing cycle, FRTIB holds a weekly meeting with key stakeholders consisting of Board staff and contractors. Board staff includes Benefit Specialists from OPS. The weekly meetings provide status updates on the RMD process as it moves through test, “dress rehearsal” and production phases. Reports are published and shared with the Board. OPS is responsible for researching RMD participant data discrepancies and verifying that test case scenarios are valid. OPS monitors the total number of RMD participants from one phase to the next as well as comparing prior year RMD participant totals to current year RMD participant totals. OPS looks for variances in the numbers and if they fall out of reasonable growth or change rates, OPS will investigate and discuss any differences.

4.5.3 Disbursement of RMDs

- RMD-1. In October of the year prior to a participant turning age 72 (or 70 ½ in 2019 or earlier), the TSP sends a notification through the Print/Mail Vendor to both active and separated participants notifying them of the RMD requirement.
- RMD-2. In January, following the year the participant turns 72 (or 70 ½ in 2019 or earlier) and is separated, the TSP sends a reminder RMD notification to separated participants through the Print/Mail Vendor to let the participant know that an RMD will be paid at the beginning of March.
- RMD-3. If the participant makes a withdrawal election before the March deadline, the amount withdrawn is applied to the first year RMD amount.
- RMD-4. If the participant has not taken a withdrawal(s) that satisfies the entire RMD amount by March 1<sup>st</sup>, the RMD (or any remaining portion) is disbursed to the participant on March 1<sup>st</sup> of the year after the separated participant turns age 72 (or 70 ½ if in 2019 or earlier).
- RMD-5. The TSP sends a confirmation letter through the Print/Mail vendor to the participant notifying him/her that the RMD has been disbursed.
- RMD-6. RMD’s for second and subsequent years not satisfied by withdrawals are paid automatically in December of the year the payment is due.

RMD-7. Automated RMD checks issued in March and December are not sent to participants with known bad addresses. The funds are forfeited to the TSP and treated as an uncashed check. The RMD check may be reclaimed by the participant when the address is confirmed and updated. The steps above are followed with the exception of sending the check.

#### **4.6 Prior Withdrawal Deadline/Abandoned Accounts (WDAA)**

For years 2018 and earlier, TSP accounts that belonged to participants who did not make a withdrawal election prior to the defined deadline were considered abandoned. If a withdrawal election was not made by April 1 of the year after the participant turned age 70 ½, any remaining TSP account balance was transferred into the G Fund on or about April 1st. If a withdrawal election was not made by the August deadline, the account was considered abandoned and was forfeited to the TSP. The withdrawal deadline abandonment process was eliminated with the TSP Modernization Act of 2017.

##### Restoring Abandoned Accounts

4.6.1 At any time, the participant may submit form TSP-94, Request to Restore an Abandoned Account. Form TSP-94 re-establishes the participant's account for the balance of the participant's account at abandonment; there is no recovery of earnings on restored accounts. Restored accounts may be left in the TSP and are eligible for a post-separation withdrawal.

#### **4.7 Exceptions Processing (EP)**

See Error Corrections and Exception Processing Procedures

#### **4.8 Annuity Purchase Review (AR)**

The Withdrawals Specialist performs a monthly review of benefit payments made to annuitants by the annuity vendor. The payments issued by the vendor are compared to estimated payment amounts calculated via information available on TSP.gov. The purpose of the review is to verify the vendor payments are in line with website estimates available on tsp.gov.



Comparison Method

- AR- 1. Annuity purchases are reviewed for accuracy. A sample of six annuities will be selected each month for comparison. The sample will consist of single and joint-life annuities.
- AR-2. The individual sample purchases are reviewed for purchase date, participant age (and joint annuitant's age, if applicable), annuity election, and consideration amount.
- AR-3. The sample group calculations are compared to a monthly benefit report provided by the vendor. The calculations are performed by the Benefits Specialist and verified by management.
- AR-4. Monthly benefit payment differences greater than 1.5% or \$5 are investigated with the vendor. The Benefits Specialist will send written notification, typically email, will be sent to the annuity vendor as a notification of a difference. Discussion, either written or verbal, will take place to determine the cause of the difference and potential corrective methods. Affected participants will have notes documented in the PSR and/or AG systems.

### 5. Authorities and References

- Federal Employees' Retirement System Act of 1986 (FERSA)
- The Thrift Savings Plan Enhancement Act of 2009
- The TSP Modernization Act of 2017
- The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act)

### 6. Revision History

<b>Date</b>	<b>Version</b>	<b>Author</b>	<b>Comments</b> <i>(briefly summarize change)</i>
05/01/2016	1.0	Stephen Noon	Initial version
12/13/2016	2.0	Stephen Noon	Minor revision
2/28/2020	3.0	David Frisk	Major Revisions for TSP Modernization Act and SECURE Act

### 7. Approval

Name: **SOPHIE DMUCHOWSKI** Digitally signed by SOPHIE  
DMUCHOWSKI  
Date: 2020.03.12 11:55:23 -04'00' Date: \_\_\_\_\_  
Tee Ramos

Title: Director, Office of Participant Services (OPS)

## **8. Appendices**

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

### **Appendix A: Sample Documents**

1. Form TSP-99, Request for Full Withdrawal
2. Form TSP-94, Late Request for Full Withdrawal
3. Form TSP-75, Age-Based 59.5 In-Service Withdrawal Request
4. Form TSP-76, Financial Hardship In-Service Withdrawal Request
5. Form TSP-95, Changes to Installment Payments

### **Appendix B: Reference Material**

1. TSP Bulletin 05-8, Thrift Savings Plan Employment Code
2. TSP Bulletin 14-3, Agency Responsibilities When Thrift Savings Plan Participants Separate From Federal Service
3. TSP Bulletin 19-10, Consolidated List of Obsolete, Replacement, and Combined TSP Forms and New Online Tools
4. TSP Bulletin 19-3, Upcoming Change to Eliminate Financial Hardship In-Service Withdrawal Six-Month Suspension Rule
5. TSP Bulletin 19-6, New Options and Processes for Withdrawal Requests for Separated and Beneficiary Participants
6. TSP Bulletin 19-7, New Options and Processes for Changes to Installment Payments
7. TSP Bulletin 19-8, New Rules and Processes for Age-Based In-Service Withdrawals
8. TSP Bulletin 19-9, New Rules and Processes for Financial Hardship In-Service Withdrawals

### **Appendix C: Flowcharts**

- Post Separation Withdrawals – Eligibility/Withdrawal Options/Requesting Withdrawal (PEW)
- In-Service Withdrawals – Eligibility/Withdrawal Options/Requesting Withdrawal (ISW)
- Disbursements (D)
- Automatic Cash-outs (AC)

- Required Minimum Distributions (RMD)
- Withdrawal Deadline/Abandoned Accounts (WDAA)