



Thrift Savings Plan

Financial Hardship In-Service Withdrawal Package

- **Form TSP-76, Financial Hardship In-Service Withdrawal Request**
- **Financial Hardship Worksheet**
- **Form TSP-75-T, Transfer of In-Service Withdrawal**
- **Important Tax Information About TSP In-Service Withdrawal Payments**

May 1998



THRIFT SAVINGS PLAN FINANCIAL HARDSHIP IN-SERVICE WITHDRAWAL PACKAGE

GENERAL INFORMATION

Before requesting a financial hardship in-service withdrawal, read the information and instructions in this package. You should also read the booklet *TSP In-Service Withdrawals*. It provides more detailed information about withdrawing money from your TSP account, including tax consequences, rules affecting spouses' rights, and the termination of your contributions. The booklet also explains the information and documentation you must provide to support your request for a financial hardship in-service withdrawal.

Note: If you are in pay status and are eligible for a TSP loan, you may want to consider taking a loan rather than withdrawing funds from your TSP account.

QUALIFYING FOR A FINANCIAL HARDSHIP IN-SERVICE WITHDRAWAL

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

- You must be a current Federal employee. (This includes employees who are in approved nonpay status.)
- Your TSP account must contain at least \$1,000 of your own contributions and earnings on those contributions. (You cannot request to withdraw less than this.)
- You must demonstrate financial hardship for the amount you request.
- 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.

The determination of financial hardship is based on your having regular monthly expenses in excess of net income (i.e., negative cash flow), including certain **unpaid and unreimbursable** extraordinary expenses. Extraordinary expenses are limited to four types: household improvements needed for medical care, personal casualty loss, legal expenses for separation/divorce, and medical expenses. Note: You are not eligible for a financial hardship withdrawal if you are in Chapter 13 bankruptcy because the bankruptcy court has shielded you against a negative cash flow position.

When the TSP receives your application, it will determine whether you qualify for a financial hardship withdrawal and the amount for which you qualify. If the TSP determines that you qualify for a withdrawal of at least \$1,000 — but for an amount that is less than you requested — the TSP will send you the amount for which you qualify. If you do not qualify, the TSP will notify you by mail.

TERMINATING YOUR CONTRIBUTIONS

When your financial hardship in-service 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 during this time. At the end

of this 6-month period, you can ask your agency to resume your contributions — they will **not** resume automatically.

WHERE YOUR PAYMENT WILL BE SENT

Payment and correspondence related to your in-service withdrawal will be mailed to the address in your TSP account record. If your TSP account address is not correct, contact your agency personnel office immediately to ensure that your agency provides your correct address to the TSP. The TSP cannot use the address that you provide on your in-service withdrawal request to change your TSP account address or to mail your check.

APPLYING FOR A FINANCIAL HARDSHIP IN-SERVICE WITHDRAWAL

This package contains:

Form TSP-76, Financial Hardship In-Service Withdrawal Request	Use this form to apply for a financial hardship withdrawal.
Financial Hardship Worksheet	Use the Worksheet to help determine the amount for which you qualify.
Form TSP-75-T, Transfer of In-Service Withdrawal	Use this form if you want to have all or part of your payment transferred to an Individual Retirement Arrangement (IRA) or other eligible retirement plan.
Important Tax Information About TSP In-Service Withdrawal Payments	Read this notice to understand the tax consequences of your withdrawal.

You must include with your Form TSP-76:

- A copy of your **current** earnings and leave statement (even if you are in nonpay status).
- Supporting documentation if your request for a withdrawal includes extraordinary expenses.

Make a copy of the completed form(s) for your records. Mail the original(s) to:

**TSP Service Office
National Finance Center
P.O. Box 61500
New Orleans, LA 70161-1500**

TSP-76 Information and Instructions

I. INFORMATION ABOUT YOU

1 – 8: Payment and correspondence related to your in-service withdrawal will be mailed to the address in your TSP account record. If you have a new address, contact your agency personnel or payroll office **immediately** to ensure that your correct address is provided to the TSP.

9: Attach a copy of your **earnings and leave statement** and check this box. The statement must be for your **most recent pay date** at the time you send your request, and the pay date can be no more than 45 days before the date the TSP receives your Form TSP-76. You must attach your earnings and leave statement even if you are in nonpay status; the statement is required to confirm that you received no pay for this period.

II. WITHDRAWAL REQUEST

10: You may withdraw only your own contributions and earnings. You may not request less than \$1,000. The maximum amount that you can withdraw depends on the amount of your documented financial hardship and the amount that is available in your account for a withdrawal.

Use the Financial Hardship Worksheet to help you calculate the amount of your financial hardship based on the information you provide in Sections VI and VII of the application (Financial Statement and Extraordinary Expenses). Complete the Worksheet before you enter an amount in **Item 10** so that you

do not request more than you have documented.

Do not submit the Worksheet with your application. The TSP will calculate the actual amount for which you qualify based on your Financial Statement, your current earnings and leave statement, your supporting documentation for any extraordinary expenses, and the value of your TSP employee contributions and attributable earnings.

If you qualify for at least \$1,000 but less than the full amount that you requested, the TSP will send you the amount for which you qualify.

III. TAX WITHHOLDING AND TRANSFER INFORMATION

In-service withdrawal payments are considered "eligible rollover distributions" for Federal income tax purposes and, as such, are subject to mandatory 20% Federal income tax withholding. This withholding cannot be waived. However, you can request **one** of the following options:

- An increase in your withdrawal amount to cover Federal income tax withholding (if the entire withdrawal is sent directly to you),
- or
- A transfer of all or a portion of your withdrawal to an Individual Retirement Arrangement (IRA) or other eligible retirement plan to defer Federal income tax withholding on the amount transferred.

Read the tax notice included in this package. If you do not want either of these options, skip to **Item 13**.

11: Check this box **only if** you would like to receive — after Federal income tax withholding — the full amount of the withdrawal which you requested. The amount you withdraw from your account will then be increased to cover the Federal tax withholding on your payment. (Note: The additional amount that is withdrawn is also subject to tax withholding and any early withdrawal penalty tax.)

For example, if you check this box and the amount that you request (and for which you qualify) is

\$1,000, \$1,250 will be withdrawn from your TSP account. A check for \$1,000 will be sent directly to you, and \$250 (or 20% of \$1,250) will be withheld for Federal tax purposes. The disbursement of \$1,250 will be reported to the Internal Revenue Service (IRS).

Note: The additional withdrawal can be made only if:

- No portion of your withdrawal is being transferred to an IRA or other eligible retirement plan,
- and
- You have sufficient employee contributions and attributable earnings in your TSP account. If you do not, your withdrawal will be increased only to the extent that funds are available.

12: Check this box **only if** you want the TSP to transfer all or any portion of your in-service withdrawal to an IRA or other eligible retirement plan. You will avoid the mandatory tax withholding on any portion of your withdrawal that you transfer directly to an IRA or other eligible retirement plan. However, these funds will still be subject to taxes when you withdraw the money from the IRA or plan. If you check this box, you must also submit Form TSP-75-T, Transfer of In-Service Withdrawal, which is included in this package.



THRIFT SAVINGS PLAN

FINANCIAL HARDSHIP IN-SERVICE WITHDRAWAL REQUEST

TSP-76

Read the instructions carefully. In order to be eligible for a financial hardship withdrawal, you must be an active Federal employee, you must have at least \$1,000 of your own contributions and attributable earnings in your account, and you must be able to demonstrate the need for a financial hardship withdrawal. You must also provide a current earnings and leave statement and supporting documentation for any extraordinary expenses you list on this application.

I. INFORMATION ABOUT YOU

1. Name _____
Last First Middle
2. _____ - _____ - _____ 3. _____ / _____ / _____ 4. (_____) _____ - _____
Social Security Number Date of Birth (Month/Day/Year) Daytime Phone (Area Code and Number)
5. Address _____
Street Address or Box Number
6. City _____ 7. _____ 8. _____
State/Country Zip Code
9. Check here to indicate that you have attached a copy of your current earnings and leave statement.

II. WITHDRAWAL REQUEST

Enter the **dollar amount** of your request **after** you have completed Section VI (Financial Statement), Section VII (Extraordinary Expenses), and the Worksheet, which will help you calculate the amount of financial hardship for which you qualify. If you are not eligible for the full amount you request, the TSP will disburse the maximum amount for which you qualify, even if it is substantially less than your request.

10. Amount of withdrawal you are requesting \$ _____
(Must be \$1,000 or more)

III. TAX WITHHOLDING AND TRANSFER INFORMATION

This section is optional. By law, the TSP must withhold 20% Federal income tax from a payment made directly to you. This mandatory withholding cannot be waived.

11. Check this box if you want to withdraw an additional amount from your account so that your payment after the mandatory 20% Federal income tax withholding is the amount you requested (or for which you qualify, if it is less than you requested). See the instructions for an example.
- or**
12. Check this box if you want to have the TSP transfer all or any portion of your withdrawal to an Individual Retirement Arrangement (IRA) or other eligible retirement plan. If you check this box, you must also complete Form TSP-75-T, Transfer of In-Service Withdrawal.

Detach here

**IV. and V.
SPOUSE
INFORMATION
AND CONSENT**

Spouses' rights apply to all in-service withdrawal requests. If you are a married FERS employee, this means that your spouse must consent to your in-service withdrawal. If you are a married CSRS employee, the TSP must notify your spouse before your in-service withdrawal can be made.

13 – 14: (FERS and CSRS participants) — You must complete **Item 13**, and, if married, you must provide your spouse's name in **Item 14**. Otherwise, the TSP will not be able to process your request.

15 – 19: (Married CSRS participants) — Provide your spouse's address in **Items 15 – 18**. If you do not

know the whereabouts of your spouse, check **Item 19** and submit Form TSP-16, Exception to Spousal Requirements, with the required documentation.

20 – 22: (Married FERS participants) — Your spouse must give written consent to the withdrawal by signing and dating **Items 20 and 21**. If you cannot obtain your spouse's signature because his or her whereabouts are unknown or you believe that exceptional circumstances apply, check **Item 22** and submit Form TSP-16, Exception to Spousal Requirements, with the required documentation.

**VI.
FINANCIAL
STATEMENT**

Complete each item, rounding to the nearest dollar. If your income, deductions, or expenses for a particular item are 0, enter 0.

This form requests information about you, your spouse, and your dependents. Dependents are defined as individuals whom you can claim as dependents for Federal income tax purposes at the time you apply for the hardship withdrawal.

If you are married and not separated from your spouse, report income for both yourself and your spouse. If information cannot be assigned to yourself or your spouse individually, enter the total only. If you and your spouse are separated, report only your own income and your own household expenses.

24: Family Size. Family size includes you, your spouse, and your dependents. If you are separated or divorced, it includes you and your dependents **only if** your dependents are living with you. If your dependents are living elsewhere and you contribute to their support, do not include them in family size but include in **Item 43** the amount of support you pay. If children you cannot claim as dependents are living with you and you receive support for them, include them in family size and enter the amount of support you receive in **Item 34**.

MONTHLY INCOME

If you are in nonpay status, enter 0 in your column for **Items 25 – 33**. (The earnings and leave statement you are required to submit for your most recent pay date must confirm that you received no pay for that pay period.) If your spouse is not employed or is in nonpay status at the time you are completing the application, enter 0 in your spouse's column.

If in pay status, provide **monthly** figures. Calculate the monthly amount as described below:

25: Monthly gross salary or wages.

- **If you are paid biweekly (26 times a year)**, multiply the biweekly amount from your current earnings and leave statement by 26 and divide by 12.
- **If you are paid weekly (52 times a year)**, multiply the weekly amount from your current earnings and leave statement by 52 and divide by 12.
- **If you are paid semimonthly (24 times a year)**, add the amounts from your last two earnings and leave statements.

- **If you are paid monthly (12 times a year)**, use the amount shown on your current earnings and leave statement.

Deductions from Income

Calculate monthly deductions as shown in **Item 25**.

26 – 28: Monthly Federal, state, and local income tax withholding. Enter the amount of monthly tax withholding for each.

29: Monthly OASDI (Social Security)/Medicare. If you or your spouse have more than one job, include the monthly OASDI (Social Security)/Medicare deduction associated with all wages and salary.

30: Monthly Federal retirement deduction (FERS/CSRS). Enter the monthly amount withheld for the FERS Basic Annuity or for the CSRS annuity.

31: Monthly TSP contributions (spouse only). Enter only your spouse's monthly contributions to the TSP. Do not include your own.

32: Other monthly retirement plan deductions. Enter monthly deductions for retirement plans of any non-Federal jobs. Do not include contributions to an IRA.

33: Total deductions. Add all the entries in the Total column for **Items 26 – 32**.

Additions to Income

Calculate monthly additions as shown in **Item 25**.

34: Monthly alimony, maintenance, and/or child support. Enter the amount received each month. If payments are irregular, enter the average of the last 3 months.

35: Other monthly income. Enter other income, including royalties and net income from real estate investments and a family business (i.e., monthly cash income minus monthly cash outlays). If net income is negative, enter a minus sign and subtract it when you total the additions to your income in **Item 36**.

36: Total additions to income. Add **Item 34** and **Item 35**.

37: TOTAL NET MONTHLY INCOME. Subtract the amount of **Item 33** from the amount of **Item 25** and add **Item 36**.

**VI.
FINANCIAL
STATEMENT
(continued)**

**MONTHLY SCHEDULED
HOUSEHOLD EXPENSES**

- 38: Monthly household rent/mortgage payment.** Enter your monthly rent or mortgage payment for your primary residence. If your payment includes real estate taxes and homeowner's insurance, include them here and enter 0 in **Items 39 and 40**. If additional mortgages are outstanding on your residence, or if you are in pay status and have an outstanding TSP residential loan, also include those payments.
- 39: Monthly household real estate tax.** If you pay your real estate tax separately from your mortgage payment, enter an amount representing one month's real estate tax for your primary residence.
- 40: Monthly household homeowner's insurance.** If paid separately from your rent or mortgage, enter the monthly insurance amount for your primary residence.
- 41: Monthly household utilities.** Enter your total monthly payments for utilities (e.g., gas, electric, phone, water). Do not list items included in your rent. (If your monthly utility bills vary substantially, use your average monthly bills over 12 months.)

- 42: Monthly household dependent care.** Enter the amount you pay each month for care for a dependent child, or for your spouse or another dependent adult who cannot be left alone while other adults are at work. Include household help needed due to illness or injury.
- 43: Monthly expense for alimony, maintenance, and/or child support.** Enter the amount you pay each month.
- 44: Monthly installment loan payments.** Enter name of lender and payment amount for loans with set monthly payments **only** (e.g., automobile loans, unsecured bank loans, or schedule of payments for back taxes owed). Do not include past due payments. **Do not include payments for credit card purchases, charge accounts, or interest charges on them.** (We take credit card payments and other recurring expenses into account as a function of your monthly income and family size.) Do not include payments for the monthly scheduled household expenses listed in **Items 38 – 43**.
- 45: TOTAL MONTHLY SCHEDULED HOUSEHOLD EXPENSES.** Add all the entries in **Items 38 – 44**.

**VII.
EXTRA-
ORDINARY
EXPENSES**

Extraordinary expenses must be **unpaid and unreimbursable** (by insurance or otherwise). Only the four types of expenses described below are allowed. You **must** submit supporting documentation that you have incurred (but not paid) the specific expense, or will incur it within the next 6 months. For incurred expenses, provide a copy of a bill on the service provider's letterhead, itemizing the expenses. For expenses to be incurred, provide an itemized cost estimate on the service provider's letterhead and a statement signed by you indicating the amount of those expenses to be incurred within the next 6 months. Supporting documentation must be dated no more than 45 days before the date the TSP receives your Form TSP-76.

You must read the booklet *TSP In-Service Withdrawals* for documentation requirements and examples.

Failure to submit adequate supporting documentation may result in a withdrawal of a smaller amount than you requested.

46: Costs of household improvements needed for medical care — Limited to costs that are eligible for deduction on your Federal income tax return, but without the IRS limits on income or fair market value. Examples are changes to your living quarters or installation of special equipment required because of illness or injury. The improvements may be required

for you, your spouse, or your dependent (i.e., an individual you can claim as a dependent for Federal income tax purposes at this time).

- 47: Expenses due to personal casualty loss** — Limited to costs of repair and replacement associated with losses that are eligible for deduction on your Federal income tax return, but without the IRS limits on income or fair market value (e.g., sudden property loss resulting from damage or destruction by fire, storm, or other casualty, or due to theft).
- 48: Legal costs** associated with your separation or divorce — Limited to attorney fees and court costs, **not** alimony or child support payments or settlements you must pay your former spouse.
- 49: Medical expenses** — May be incurred by you, your spouse, or your dependents (i.e., individuals you can claim as dependents for Federal income tax purposes at the time you request the withdrawal). Generally, includes expenses that are eligible for deduction on your Federal income tax return, but without the IRS income limits. This includes physician and hospital services and prescription drugs; it does **not** include medical or dental insurance premiums or costs covered under **Item 46**.
- 50: TOTAL EXTRAORDINARY EXPENSES.** Add **Items 46 – 49**.

**VIII.
YOUR
ACKNOWLEDGE-
MENT AND
CERTIFICATION**

Read the acknowledgement and certification carefully. By signing this section you are:

- Acknowledging that your employee contributions, if any (and any matching contributions, if you are a FERS employee), will be **terminated for 6 months** after your withdrawal has been paid.
- Certifying you are not in Chapter 13 bankruptcy.

- Permitting the TSP to contact individuals or institutions shown on this form or in supporting documentation to confirm amounts listed.
- Waiving the 30-day tax notification period that the TSP is required to provide you so that you can consider the tax information.

Name:

Social Security Number:

VI. FINANCIAL STATEMENT (continued)

MONTHLY SCHEDULED HOUSEHOLD EXPENSES

- 38. Monthly household rent or mortgage payment .00
- 39. Monthly household real estate tax *(if paid separately from mortgage)* .00
- 40. Monthly household homeowner's insurance *(if paid separately from mortgage)* .00
- 41. Monthly household utilities *(if paid separately from rent)* .00
- 42. Monthly household dependent care *(including household help due to illness or injury)* .00
- 43. Monthly expense for alimony, maintenance, and/or child support .00
- 44. Monthly installment loan payments *(not including credit card payments)*
List lenders' names:
_____ .00
_____ .00
_____ .00
_____ .00
_____ .00
- 45. TOTAL MONTHLY SCHEDULED HOUSEHOLD EXPENSES *(Add Items 38 – 44)* **.00**

VII. EXTRAORDINARY EXPENSES

Extraordinary expenses are limited to the four types shown in Items 46 – 49, as defined in the instructions. You **must** enclose supporting documentation for the amounts you indicate in this section. (See the booklet *TSP In-Service Withdrawals*.) Show only expenses that are **unpaid and unreimbursable** by insurance or otherwise.

- 46. Costs of household improvements needed for medical care .00
- 47. Expenses resulting from personal casualty loss .00
- 48. Legal expenses for separation/divorce (does not include court-ordered payments to a spouse or former spouse or child support payments) .00
- 49. Medical expenses .00
- 50. TOTAL EXTRAORDINARY EXPENSES *(Add Items 46 – 49)* **.00**

VIII. YOUR ACKNOWLEDGEMENT AND CERTIFICATION

The TSP will notify your agency that your employee contributions, if any, must be terminated after your withdrawal is paid. If you are a FERS employee, this means that Agency Matching Contributions will also stop. You may ask your agency to resume your contributions after 6 months.

The TSP may contact individuals or institutions shown on this form or in supporting documentation to confirm any amounts listed.

I agree to these conditions for a financial hardship withdrawal. I certify that I am not in Chapter 13 bankruptcy and that the information I have provided in this withdrawal request and supporting documentation is true to the best of my knowledge. **Warning:** Any intentional false statement in this application or willful misrepresentation concerning it is a violation of the law that is punishable by a fine of as much as \$10,000 or imprisonment for as long as 5 years, or both (18 U.S.C. 1001).

51. _____ 52. _____
Participant's Signature Date Signed

PRIVACY ACT NOTICE. We are authorized to request this information under 5 U.S.C. Chapter 84. Executive Order 9397 authorizes us to ask for your Social Security number, which will be used to identify your account. We will use the information you provide to process your in-service withdrawal request. This information may also be shared with other Federal agencies to administer your account or for statistical, auditing, or archiving purposes. In addition, we may share the information with law enforcement agencies investigating, prosecuting, or enforcing a violation of civil or

criminal law or with other agencies for the purpose of implementing a statute, rule, or order. It may also be shared with Congressional offices, the TSP annuity vendor, retirement plan sponsors, auditing firms, spouses, former spouses, beneficiaries, persons responsible for your care, and representatives of your estate. It may also be released in response to a court subpoena or to appropriate parties preparing for or engaged in litigation affecting your TSP account. You are not required by law to provide this information, but if you do not provide it, it may not be possible to process your request.

Detach here

Financial Hardship Worksheet

Complete this Worksheet to calculate the amount of your financial hardship. Refer to the Financial Statement and the Extraordinary Expenses sections (VI and VII) of your Form TSP-76 for the **numbered items** in this Worksheet. The TSP will calculate the actual amount of the hardship withdrawal for which you qualify based on the information you provided in Sections VI and VII (including the supporting documentation), your earnings and leave statement, and the value of your TSP employee contributions and attributable earnings.

TO DETERMINE YOUR HARDSHIP AMOUNT DUE TO NEGATIVE CASH FLOW:

A. Total monthly income: Complete calculation **I or II** below depending on your current pay status to determine ordinary monthly household expenses. For those in nonpay status, even though your current actual pay may be \$0, you must use your annual salary of record for the calculation.

I. If in Nonpay Status:

1. Annual salary of record from most recent earnings and leave statement _____
2. Divide Line 1 by 12 months _____
3. Item 25 _____
4. Item 36 _____
5. Add Lines 2, 3, and 4; enter result on Line A. _____

II. If in Pay Status:

1. Item 25 _____
2. Item 36 _____
3. Add Lines 1 and 2; enter result on Line A. _____

A

B. Allowance for ordinary monthly household expenses:

This covers ordinary monthly recurring expenses (e.g., food, clothing, household operations, entertainment, education, health insurance premiums, miscellaneous expenses), including expenses frequently charged to credit cards. The allowance is based on your monthly income and family size. Using the table, find the factor for your total monthly income (**Line A**) and your family size (**Item 24** of your Financial Statement). Enter that factor and multiply it by the amount of your total monthly income (**Line A**). Round to the nearest whole dollar.

Total Monthly Income	Family Size		
	1 or 2	3 or 4	5 or more
Less than \$1,250	.85	.90	.90
\$1,250 – 1,666	.70	.80	.80
\$1,667 – 2,499	.60	.65	.70
\$2,500 – 3,332	.50	.55	.60
\$3,333 – 4,166	.40	.50	.50
\$4,167 – 5,832	.40	.45	.50
\$5,833 or more	.30	.35	.40

_____ X _____ = _____
 Factor Line A B

C. Total monthly scheduled household expenses: Item 45. _____

C

D. Total monthly household expenses: Line B plus Line C. _____

B + C = D

E. Total net monthly income: Item 37. _____

E

F. Amount by which your household expenses exceed your net monthly income: Line D minus Line E (if Line D is less than Line E, enter 0). _____

D - E = F

G. Hardship amount due to negative cash flow: Line F times 6 months. _____

_____ X 6 = _____
 Line F G

TO DETERMINE YOUR HARDSHIP AMOUNT DUE TO EXTRAORDINARY EXPENSES:

H. Amount by which your net monthly income exceeds your household expenses: Line E minus Line D (if Line E is less than Line D, enter 0). _____

E - D = H

I. Positive cash flow available for extraordinary expenses: Line H times 6 months. _____

_____ X 6 = _____
 Line H I

J. Extraordinary expenses: Item 50. _____

J

K. Hardship amount due to extraordinary expenses: Line J minus Line I (if Line J is less than Line I, enter 0). _____

J - I = K

TO CALCULATE YOUR TOTAL HARDSHIP AMOUNT:

L. Hardship amount due to negative cash flow: Line G. _____

G = L

M. Hardship amount due to extraordinary expenses: Line K. _____

K = M

N. Line L plus Line M. The amount of your withdrawal request in **Item 10** should not exceed this amount. If this amount is less than \$1,000, you do not qualify for a hardship withdrawal.

Detach here



THRIFT SAVINGS PLAN TRANSFER OF IN-SERVICE WITHDRAWAL

TSP-75-T

Use this form to instruct the Thrift Savings Plan (TSP) to transfer all or a portion of your in-service withdrawal to an Individual Retirement Arrangement (IRA) or other eligible retirement plan. **Read the instructions on the back before completing this form.** Type or print the information requested. You must also submit Form TSP-75, Age-Based In-Service Withdrawal Request, or Form TSP-76, Financial Hardship In-Service Withdrawal Request, in order to complete your in-service withdrawal.

I. INFORMATION ABOUT YOU AND YOUR TRANSFER

1. Name _____
Last First Middle
2. _____ - _____ - _____ 3. _____ / _____ / _____ 4. (_____) _____ - _____
Social Security Number Date of Birth (Month/Day/Year) Daytime Phone (Area Code and Number)
5. Address _____
Street Address or Box Number
6. City _____ 7. _____ 8. _____
State/Country Zip Code
9. Transfer _____% of my in-service withdrawal to the IRA or other eligible retirement plan designated below. (You must specify the portion to be transferred **in multiples of 5%**, for example, 15%, 70%, 100%.)
10. _____ 11. _____
Participant's Signature Date Signed

II. INFORMATION FROM THE IRA OR OTHER ELIGIBLE PLAN

*To be completed by
financial institution/
plan administrator*

The financial institution or the plan administrator must ensure that the plan described in this section is an eligible retirement plan as defined in section 402(c)(8) of the Internal Revenue Code. An eligible retirement plan is: an Individual Retirement Arrangement (IRA), which is either an Individual Retirement Account or an Individual Retirement Annuity other than an endowment contract; a tax-qualified employee benefit plan; or an annuity plan described in section 403(a) of the Internal Revenue Code.

Do not submit transfer forms of financial institutions or plans.

12. Type of Account IRA Other Eligible Retirement Plan (Provide plan name if you check this box.)
Plan Name _____
13. Account Number _____
14. Make check payable to (plan trustee) _____
(Limit response to 25 characters.)
15. Mail to _____
Name of Institution or Person, if different from Item 14
16. Attention of _____
17. Address _____
Street Address or Box Number
18. City _____ 19. _____ 20. _____
State/Country Zip Code
21. Contact Person _____ 22. (_____) _____ - _____
Phone (Area Code and Number)

I confirm the accuracy of the information in this section and the identity of the individual named in Section I. As a representative of the financial institution or plan to which the funds are being transferred, I certify that the financial institution or plan agrees to accept the funds directly from the TSP and deposit them in the IRA or other eligible retirement plan indicated above.

23. _____ 24. (_____) _____ - _____
Typed or Printed Name of Certifying Representative Phone (Area Code and Number)
25. _____ 26. _____
Signature of Certifying Representative Date Signed

Detach here

INFORMATION AND INSTRUCTIONS

GENERAL INFORMATION

To have the TSP transfer all or part of your in-service withdrawal to an IRA or other eligible retirement plan, you and your financial institution must provide the information requested on the front of this form. **Do not submit transfer forms of financial institutions or plans;** the TSP Service Office **cannot** accept them.

Please note that the IRA or plan that you designate must be a trust established inside the United States (i.e., the 50 states and the District of Columbia).

You must complete Section I. The financial institution or administrator of the plan to which you want the TSP to transfer your withdrawal must complete Section II. After both sections have been completed, make a copy of the form for your records. Mail the original form to:

TSP Service Office
National Finance Center
P.O. Box 61500
New Orleans, LA 70161-1500
Telephone number: (504) 255-6000
TDD: (504) 255-5113

I. INFORMATION ABOUT YOU

You must complete this section before giving this form to your financial institution or plan administrator.

1 – 8: Provide the requested information.

9: Enter the percentage of your withdrawal that you want to have transferred. Some financial institutions and plans have minimum transfer amounts. You should verify that your transfer will be accepted before completing this form.

II. INFORMATION FROM THE IRA OR OTHER ELIGIBLE PLAN

The financial institution or plan administrator must complete this section. The institution or plan should retain a copy of this form in order to identify the account to which the check should be deposited when it is received.

Note: If the transfer is to an IRA, the institution accepting the transfer should submit Form 5498 to the IRS.

12: Type of Account. Indicate whether the transfer is to an IRA or other eligible retirement plan. If the transfer is to an other eligible retirement plan, provide the name of the plan.

13: Account Number. Enter the account number, if available, of the IRA or plan to which the money is to be transferred.

14: Make check payable to (plan trustee). Provide the exact name that should appear on the check. This should be the plan trustee. If the plan does not have a trustee, provide the name of the custodian of the plan. The check will be made payable to the name you provide on this line.

15 – 16: Provide the name of the institution and/or person to whom the check should be directed, if different from Item 14.

17 – 20: Provide the mailing address.

21: Contact Person. Provide the name of the person who will be able to give additional transfer information to the TSP if needed. If this person is the same as the person to whose attention the check should be mailed, you should again provide that person's name on this line.

22: Phone. Provide the contact person's telephone number.

23 – 26: Certification. The administrator of the financial institution or plan must complete these items.

PRIVACY ACT NOTICE. We are authorized to request this information under 5 U.S.C. Chapter 84. Executive Order 9397 authorizes us to ask for your Social Security number, which will be used to identify your account. We will use the information you provide to process the transfer of your in-service withdrawal. This information may also be shared with other Federal agencies to administer your account or for statistical, auditing, or archiving purposes. In addition, we may share the information with law enforcement agencies investigating, prosecuting, or enforcing a violation of civil or criminal law or with other agencies for the purpose of implementing

a statute, rule, or order. It may also be shared with Congressional offices, the TSP annuity vendor, retirement plan sponsors, auditing firms, spouses, former spouses, beneficiaries, persons responsible for your care, and representatives of your estate. It may also be released in response to a court subpoena or to appropriate parties preparing for or engaged in litigation affecting your TSP account. You are not required by law to provide this information, but if you do not provide it, it may not be possible to transfer your in-service withdrawal.



Important Tax Information About TSP In-Service Withdrawal Payments

Under the Internal Revenue Code (IRC), distributions from your Thrift Savings Plan (TSP) account are taxable income to you for Federal income tax purposes in the year in which payment is made. This notice summarizes the tax rules that apply to TSP in-service withdrawal payments: age-based (age 59½ or older) and financial hardship. Read this notice carefully. Because the tax rules are complex, you may wish to consult a tax advisor.

1. Tax Withholding

By law, TSP in-service withdrawal payments are considered **eligible rollover distributions**, and the following Federal income tax withholding rules apply. (The TSP does not withhold state or local income tax.)

- Tax withholding on all eligible rollover distributions of \$200 or more paid in a single year is 20%. **The 20% withholding cannot be waived.** The 20% is tax withholding, not actual tax due. You may be entitled to a refund of a portion of this amount, or you may be required to pay an additional amount, when you file your annual Federal income tax return.
- Before you receive an eligible rollover distribution, you can avoid withholding on all or any portion of your payment by asking the TSP to transfer that amount to an Individual Retirement Arrangement (IRA) or other eligible retirement plan. (See Section 2.)
- You may elect to have an amount withheld in addition to the 20% withholding by completing Line 3 on IRS Form W-4P, Withholding Certificate for Pension or Annuity Payments, and submitting it to the TSP Service Office along with your in-service withdrawal request. Line 1 and Line 2 are not valid entries for this type of payment.

2. Transferring or Rolling Over Your In-Service Withdrawal

All or any part of your in-service withdrawal can either be transferred or rolled over to an IRA or other eligible retirement plan. This permits you to postpone paying tax on that amount until you withdraw the money from the IRA or plan.

A **transfer** occurs when you instruct the TSP to send all or part of your distribution directly to an IRA or other eligible retirement plan instead of issuing it to you. The mandatory 20% Federal income tax withholding does not apply to an amount that the TSP transfers directly to an IRA or other eligible retirement plan; **however, it does apply to any payment made directly to you, even if you then roll it over.**

A **rollover** occurs when the TSP makes a distribution to you (which includes the amount of the check you receive plus the amount withheld) and you deposit any part of that distribution into an IRA or other eligible retirement plan within 60 days of the date you receive it. You must pay Federal income tax on any part of the distribution that you do not roll over, including any amount withheld — even if you roll over the amount you receive — unless you deposit personal funds into your IRA or other plan equal to the amount withheld. (If you do this, you may receive a refund of the amount withheld, but you cannot wait until you receive the refund to complete the rollover.)

You may transfer or roll over your payment into an eligible retirement plan. This can be either an Individual Retirement Account or an Individual Retirement Annuity (other than an endowment contract); a qualified pension, profit-sharing, or stock bonus plan; or an annuity plan described in section 403(a) of the IRC. However, you cannot transfer or roll over your payment into a “Roth” IRA (which became available January 1, 1998).

If you want to roll your distribution into the qualified plan of another employer at a later date, you should instruct the financial institution to establish a “conduit” Individual Retirement Account for you. A conduit account can only contain amounts that have been transferred or rolled over. It cannot contain regular (i.e., deductible or nondeductible) contributions; Individual Retirement Accounts containing regular contributions cannot be rolled over into a plan maintained by another employer.

3. Tax Reporting

The TSP will report your in-service withdrawal to the Internal Revenue Service, including the payment that is made directly to you and all transfers to IRAs or

other eligible retirement plans. The TSP will also report the distribution to the state in which your TSP account record shows you resided at the time payment was made, if that state imposes an income tax.

In January of the year that follows your payment, the TSP will send you Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Be sure your agency keeps your TSP account address up to date so that you receive the form and other important information about your account.

You should include the amount reported on Form 1099-R as income in your individual income tax return for the year in which payment was made. However, you should then exclude from adjusted gross income amounts that are transferred or rolled over. Attach a copy of Form 1099-R to your Federal tax return.

4. Early Withdrawal Penalty Tax

Under the IRC, an early withdrawal penalty tax of 10% is imposed on any in-service withdrawal payment that you receive directly from the TSP (including any tax withholding) **before you become age 59 ½**. Thus, if you request a financial hardship withdrawal and are under age 59 ½, the penalty tax will apply to you. The penalty tax is in addition to the ordinary income tax that you pay on TSP payments.

The early withdrawal penalty does not apply if you are age 59 ½ or older. It does not apply to amounts that you transfer or roll over to an IRA or other plan, regardless of your age, but it will apply to payments that you receive from the IRA or plan before age 59 ½.

5. Five-Year or 10-Year Tax Option

If you do not transfer or roll over all or any part of your distribution, you may be able to lower the income tax you pay on your in-service withdrawal by using the **5-year or 10-year tax option**. You can use this tax option **only if** your entire account balance, determined as of the date of distribution, is paid to you in one tax year. This type of payment is referred to as an **eligible lump sum distribution**.

At present, if you use the **5-year tax option**, your payment is taxed as if it were paid to you over five tax years, using the tax rates for single taxpayers in effect in the year payment is made. The 5-year tax option is available if you are at least age 59 ½ at the time you receive your distribution, or were age 50

before January 1, 1986. (In 1996, Congress eliminated the 5-year tax option for tax years beginning after December 31, 1999.)

With the **10-year tax option**, your payment is taxed as if it were paid to you over 10 tax years, but you must use the tax rates in effect in 1986. The 10-year tax option is available only if you attained age 50 before January 1, 1986.

The following rules apply to either type of tax option:

To qualify for either tax option, you must have been an active participant in the TSP for at least five years before the year in which your distribution is made. You are considered an active participant if a contribution was made to your TSP account by either you or your agency during a year.

If you decide to use the 5-year or 10-year tax option for your TSP distribution, you must also use it for any eligible lump sum distribution which you receive in the same tax year. This includes a withdrawal of your entire account after separation or a taxable loan distribution. It also includes an eligible lump sum distribution from any other plan maintained by an employer (but excludes such distributions from IRAs).

You can use the tax option only once in your lifetime. This means that if you use it in one tax year, you cannot use it for a distribution received from the TSP or another plan in any subsequent year.

You can elect either the 5-year or 10-year tax option by filing IRS Form 4972, Tax on Lump Sum Distributions, with your annual income tax return.

6. Excise Tax on Excess Distributions

In 1997, Congress repealed the 15% excise tax on "excess distributions" made after December 31, 1996.

7. TSP Service Office Information

If you have any questions regarding this notice, please contact the TSP Service Office at (504) 255-6000 (TDD: (504) 255-5113) or write to:

TSP Service Office
National Finance Center
P.O. Box 61500
New Orleans, LA 70161-1500