

**DEPARTMENT OF THE ARMY**  
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL, G-1  
USACHRA, SOUTHWEST REGION  
FORT CARSON CIVILIAN PERSONNEL ADVISORY CENTER  
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FORT CARSON, COLORADO, 80913

## **FERS NEW HIRE OR REHIRE OR TRANSFER**

Congratulations on your appointment and welcome to the Department of the Army, Fort Carson, Colorado. This appointment is covered by the Federal Employees' Retirement System (FERS). Unless you have transferred or had a break in service of 30 days or less, you will be automatically enrolled in the Thrift Savings Plan (TSP).

The TSP is a retirement savings and investment plan for Federal employees and is similar to "401(k)" plans available to many private sector employees. The purpose of the TSP is to provide you the opportunity to participate in a long-term retirement savings and investment plan. The TSP is a "portable" benefit which accepts transfers to/from other eligible retirement plans. The TSP is one of three parts of FERS. The other two parts consist of the FERS Basic Annuity and Social Security (SS). SS benefits are based on several factors. You will periodically receive your Personal Earnings and Benefit Estimate Statement (PEBES) from the Social Security Administration.

The FERS Basic Annuity is generally calculated by a formula. First, your "high-3" is figured by averaging your highest basic pay over any 3 consecutive years of creditable service. Your annuity is figured as 1% of your "high-3" average pay times the number of years of creditable service. Or, if you retire at age 62 or later with at least 20 years of service, a factor of 1.1% is used rather than 1%. The annuity is subject to applicable benefits deductions, taxes, etc.

You might be thinking that the annuity seems rather low, but remember, it represents only one part of your retirement along with Social Security and TSP – *TSP is the part of your retirement that you control by deciding how much to contribute, how to invest, etc.*

### **Rehired with a break in service of 30-days or less**

For transfers or those rehired to a FERS-covered appointment with a break in service of 30 days or less, your last TSP election will continue. *You will not be automatically enrolled in the TSP* (as described in the next paragraph), however, you may change or stop your TSP election, and if you were not previously contributing, you may choose to elect to contribute to the TSP at any time.

### **Automatic Enrollment (If rehired with more than a 30-day break in service)**

The amount of your automatic contribution to the TSP is 3% of your basic pay (including locality pay) which will be deducted from your pay and deposited into your TSP account every pay period, unless you take action to stop the contributions or make your own election. TSP contributions deducted from your pay are tax-deferred for purposes of Federal and, in most cases, state income tax. In addition, the Department of the Army will deposit Agency Matching Contributions equal to your 3% percent deposit. Plus you also receive an Agency Automatic (1%) Contribution that is equal to one percent of your basic pay.

*In summary, each pay period, your 3% contribution will be combined with the agency's 4% contribution; the total amount equivalent to 7% of your basic pay will be deposited into your TSP account. This is a good start toward saving for retirement; however, you can easily increase the amount of your*

contributions and receive additional Agency Matching Contributions making your retirement savings grow even faster. *See the paragraphs on Employee Contributions and Agency Matching Contributions.*

### Army Benefits Center-Civilian (ABC-C)

At this time we wish to provide an introduction to the Department of the Army's centralized benefits processing and counseling service. The **Army Benefits Center-Civilian (ABC-C)**, located at Fort Riley, Kansas, offers 24/7 access to benefits information and the ability to make electronic benefits transactions via the Internet and telephone system. Additionally, counselor assistance is available by telephone from Monday-Friday, 6:00 a.m., to 6:00 p.m., Central Time (excluding Federal holidays).

Employees rarely have the need to submit hard-copy benefits election forms as most elections are made electronically via ABC-C. However, you will be able to submit an election to your Human Resources Office during this first pay period, up until the deadline date indicated by your Human Resources representative. This date is provided below in the paragraph heading *Instructions for Stopping Automatic Contributions, or Making Your Own Election(s)*. After this date, all TSP changes pertaining to the amount you wish to contribute, or starting/stopping contributions, will be made via the ABC-C's systems.

The ABC-C's systems, the Employee Benefits Information System (EBIS) (web) and the Interactive Voice Response System (IVRS) (telephone), allow you to make elections and changes regarding your TSP contributions and other benefits as well.

The ABC-C's web site is <https://www.abc.army.mil> and the toll-free number is 1-877-276-9287 (OCONUS and TDD numbers available on the web site). Your Human Resources representatives will provide you information about accessing EBIS and IVRS.

### Stop Automatic Enrollment (if applicable)

If you are subject to automatic enrollment, but do not wish to contribute to your TSP account, you can request to stop the process. If you stop your contribution you are not eligible to receive Agency Matching Contributions. You will still receive the Agency Automatic (1%) Contributions. Also, it is possible that payroll may not be able to stop your first contribution to the TSP. If this happens you can make a request to the TSP to return your contribution. To request a refund of your contribution read the paragraph titled *Refund of Automatic Contributions*. Also, refer to the paragraph *Instructions for Stopping Automatic Contributions, or Making Your Own Election(s)* below.

### Employee Contributions

You may elect to increase, decrease, or stop your contributions to your TSP account at any time. You may specify a whole percentage of basic pay that you want to contribute each pay period, or you may specify a whole dollar amount. Whether you specify a percentage or dollar amount of your pay, your total contributions for the year cannot exceed the IRS elective deferral limit for the year. The limit for 2010 is \$16,500. Your contribution election will remain in effect until you make another election to either change the amount of your contributions or stop them.

All FERS-covered employees should consider contributing to at least 5% of your basic pay each pay period during the year in order to receive all of the Agency Matching Contributions for which you are eligible. If you reach the IRS limit before the end of the year, the TSP cannot accept additional contributions and as a result you will not receive the Agency Matching Contributions for the remaining pay dates in the year. The TSP has a calculator on its web site (<http://www.tsp.gov>) to assist you in planning to maximize your employee and Agency Matching Contributions each year.

### Agency Contributions

The Department of the Army will make immediate agency contributions to your TSP account . Even if you stop contributing your own money, the agency will make Agency Automatic (1%) Contributions that will equal 1% of the basic pay you earn for the pay period.

As long as you are contributing, (including automatic enrollment), you will also begin receiving Agency Matching Contributions to your TSP account. The first 3% of pay that you contribute each pay period will be matched dollar for dollar, and the next 2% that you contribute will be matched 50 cents on the dollar. As a result of your automatic enrollment you are contributing 3% of your pay and receiving Agency Matching Contributions of 3%. However, if you increase your employee contributions to 5% you will then receive Agency Matching Contributions of 4% each pay period. This means the equivalent of 10% of your basic pay will be saved toward your retirement each pay period (5% your Employee Contribution + 4% Agency Matching Contributions + 1% Agency Automatic Contribution = 10% in your TSP account). Your agency contributions will also be invested according to your contribution allocation on file with the TSP on the date the contributions are posted to your account.

### Catch-up Contributions

If you are age 49 and will turn age 50 by the end of this year, or if you are already age 50 or older, you may make an additional election to contribute catch-up contributions. This is a separate election that will request your agency to deduct additional tax-deferred TSP contributions from your pay. You must elect a whole dollar amount from your basic pay each pay date.

The maximum amount you may contribute in catch-up contributions in 2010 is \$5,500. This amount of tax-deferred contributions is in addition to the amount you may contribute through the regular TSP election discussed in the paragraph above. You will not receive Agency Matching Contributions on the amount you elect to contribute through catch-up contributions. Your catch-up contribution election will remain in effect either until you make another election to change the amount, stop your contributions, or until the last pay date of the calendar year. You must make a new election to contribute catch-up contributions each year.

### Instructions for Stopping Automatic Contributions, or Making Your Own Election(s)

If you are content at this time with the 3% automatic contribution, you do not have to take action until you are ready to increase, decrease, or stop your contributions.

If you wish to stop the automatic enrollment process before any contributions are deducted from your pay, or wish to make your own contribution election (and catch-up election, if eligible) during your first pay cycle, you must submit your election form(s) to your Human Resources Office by NLT the end of the first full pay period in which hired. If you do not turn the form in during this period you will need to make any changes via the ABC-C systems. For a contribution election, use form TSP-1 (Election Form); for TSP catch-up contributions, use form TSP-1-C (Catch-Up Contribution Election). TSP forms are available on-line at <https://www.tsp.gov/forms/civilianForms.shtml>.

If you wish to stop or change your TSP contributions, including catch-ups, after the deadline date specified above, you must do so using the ABC-C's web or phone system as explained in the ABC-C paragraph above. You will not complete and submit TSP forms; the change will be processed by the information you enter into the ABC-C's systems (EBIS or IVRS). Generally, TSP changes become effective at the beginning of the next pay following the one in which you made your change.

### Refund of Automatic Enrollment Contributions

You may request a refund of the employee contributions that were deducted from your pay during the first 90 days that you were automatically enrolled. To do so, you must send Form TSP-25, Request for an Automatic Enrollment Refund, which you will receive with your welcome letter from the TSP (if applicable, see next section), or you will be able to obtain this form from the TSP web site.

Your properly completed Form TSP-25 must be returned to the TSP using the address on the form and must be received by the TSP no later than the date provided in the TSP welcome letter. DO NOT return the form to Human Resources Office or the ABC-C. Make sure you read the directions on Form TSP-25 as well as the instructions in the TSP welcome letter (if applicable).

If you were previously employed by the Federal government and were automatically enrolled you are not eligible for a refund of the automatic enrollment contributions for subsequent periods, unless one full calendar year (January through December) has passed since your last automatic enrollment contribution (visit the TSP website for more details). The amount of your refund will be your automatically withheld employee contributions and any gains or losses from the performance of your investment(s). Although the Agency Automatic (1%) Contributions and their earnings will remain in your TSP account; you will forfeit any Agency Matching Contributions and their earnings.

*Requesting a refund of your automatic enrollment contributions will not stop future contributions from being deducted from your pay. Please refer to the paragraph above, Stopping Automatic Contributions, or Making Your Own Election(s).*

### Establishing Your TSP Account

Your TSP account will be established when the Department of the Army submits your first contributions. Once your account is established, the TSP will send three separate mailings to you: (1) a new account letter which includes your account number (2) your password and (3) your Personal Identification Number (PIN). When you receive your new account letter one of the enclosures will be a TSP booklet, Managing Your Account, which provides valuable information on such things as TSP investment options, making a contribution allocation, requesting an interfund transfer, and how to designate beneficiaries.

If you already have an established TSP account from previous Federal government service, and you did not withdraw all of your money while you were separated, you will not receive any of the above mailings. If you withdrew your entire balance while separated you will receive the welcome letter but not a new password or PIN because your existing password and PIN are still valid. If you have or had a TSP uniformed service account your Federal civilian account is a separate account and you will receive all of the above mailings.

### Contribution Allocations

Your first contribution will be invested in the Government Securities Investment (G) Fund. If your account is not already established as explained above, you may invest your contributions in any of the ten TSP funds by requesting a contribution allocation. Otherwise, you will need to wait until after you receive your TSP welcome letter. You cannot request a contribution allocation until your TSP account has been established. The information to request a contribution allocation will be provided with your TSP welcome letter. Or, if you have an existing TSP account balance from previous Federal civilian government service, your contributions will be invested using your last contribution allocation on file with the TSP.

### Interfund Transfers

You can redistribute your TSP account balance among the ten TSP funds by requesting an interfund transfer. You may do so according to the same rules as explained above in the Contribution Allocations regarding the establishment of your account.

#### Additional Information

To obtain more information about the TSP, visit the TSP website at [www.tsp.gov](http://www.tsp.gov). If you have any questions about your TSP participation during the first pay period of your employment, contact your servicing CPAC at 526-8341. For questions thereafter, visit or call the ABC-C (contact information is in the ABC-C paragraph above). The TSP will be the point of contact for inquiries specifically related to a refund of automatic contributions (refer to the welcome letter you will soon receive, or the TSP web site for further information).