

THRIFT SAVINGS PLAN NEWS - CATCH -UP CONTRIBUTIONS

Under the new Public Law 107-304, signed by the President, civilian employees and military members age 50 or older will be able to deposit up to an additional \$2,000 into their TSP accounts in 2003, which is over and above the regular percentage of salary or annual dollar amount limits. No date has been designated for implementing the Catch-Up Contributions as yet. When notification is received, National Guard technicians will be notified.

For 2003 the limits are 13 percent of basic pay for employees under the Federal Employees Retirement System (FERS) and 8 percent for employees under the Civil Service Retirement System (CSRS). The Internal Revenue Service annual limit on “elective deferrals” (the maximum amount that employees can contribute to their thrift accounts) is \$12,000 for tax year 2003.

The maximum catch-up contribution will increase from year to year (2004 - \$3,000; 2005 - \$4,000; 2006 - \$5,000; and after 2006 the \$5,000 amount will be adjusted based on the inflation rate).

The Federal Retirement Thrift Investment Board expects that employees will be able to make additional contributions during the next open season, beginning April 15, 2003. This will be effective “only if” regulations have been issued by the Board and all Federal Agencies have made necessary changes to their systems to accommodate catch-up contributions. Notification will be sent to all units when this TSP option is available.