

### Submission to Congress and the General Accounting Office

Pursuant to 5 U.S.C. 801(a)(1)(A), the Board submitted a report containing these rules and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of this rule in today's **Federal Register**. These rules are not major rules as defined at 5 U.S.C. 804(2).

### Waiver of 30-Day Delay of Effective Date

Pursuant to 5 U.S.C. 553(d)(3), I find good cause for making this interim rule effective in less than 30 days. This rule explains the processes of the new TSP record keeping system and codifies policy decisions made in connection with its development. It was impossible to establish in advance an effective date for this rule because it was impossible to predict the implementation date of the new system until it was imminent. However, because the new system replaced the old system, the Board's regulations must be amended to accurately describe the TSP processes to participants, beneficiaries, agencies and the uniformed services. Therefore, the Board has decided to make this rule effective immediately, on an interim basis, and to request comments from interested parties.

### List of Subjects

5 *CFR* Parts 1600, 1601, 1603, 1606, 1645, 1650, 1651, 1653, 1690

Employee benefit plans, Government employees, Pensions, Retirement.

5 *CFR* Parts 1604, 1655

Employee benefit plans, Government employees, Military personnel, Pensions, Retirement.

5 *CFR* Part 1605

Administrative practice and procedure, Employee benefit plans, Government employees, Pensions, Retirement.

5 *CFR* Part 1640

Employee benefit plans, Government employees, Pensions, Reporting and recordkeeping requirements, Retirement.

Gary A. Amelio,

Executive Director, Federal Retirement Thrift Investment Board.

■ For the reasons set out in the preamble, the Executive Director of the Federal Retirement Thrift Investment Board amends 5 *CFR* chapter VI as follows:

### PART 1600—EMPLOYEE ELECTIONS TO CONTRIBUTE TO THE THRIFT SAVINGS PLAN

■ 1. The authority citation for part 1600 is revised to read as follows:

**Authority:** 5 U.S.C. 8351, 8432(a), 8432(b)(1)(A), 8432(j), 8474(b)(5) and (c)(1).

■ 2. Section 1600.1 is revised to read as follows:

#### § 1600.1 Definitions.

Definitions generally applicable to the Thrift Savings Plan are set forth at 5 *CFR* 1690.1.

■ 3. Section 1600.11 is amended by revising paragraph (a), introductory text, to read as follows:

#### § 1600.11 Types of elections.

(a) *Contribution elections.* A contribution election must be made pursuant to § 1600.14 and includes the following types of elections:

\* \* \* \* \*

■ 4. Section 1600.12 is amended by revising paragraphs (a) and (b) to read as follows:

#### § 1600.12 Period for making contribution elections.

(a) *Participation upon initial appointment or reappointment.* An employee appointed, or reappointed following a separation from Government service, to a position covered by FERS or CSRS may make a TSP contribution election within 60 days after the effective date of the appointment.

(b) *Open season elections.* Any employee may make a contribution election during an open season. Each year, an open season will begin on April 15 and will end on June 30; a second open season will begin on October 15 and end on December 31. If the last day of an open season falls on a Saturday, Sunday, or legal holiday, the open season will be extended through the end of the next business day.

\* \* \* \* \*

■ 5. Section 1600.13 is amended by revising paragraph (a) to read as follows:

#### § 1600.13 Effective dates of contribution elections.

(a) *Participation upon initial appointment or reappointment.* TSP contribution elections made pursuant to § 1600.12(a) will become effective no later than the first full pay period after the election is received by the employing agency or uniformed service.

\* \* \* \* \*

■ 6. Section 1600.14 is amended by revising paragraphs (a), (b) introductory text, and (b)(1) to read as follows:

#### § 1600.14 Method of election.

(a) A participant must submit a contribution election to his or her employing agency. Employees may use either the paper TSP election form (*i.e.*, Form TSP-1, TSP-1-C, TSP-U-1, or TSP-U-1-C) or, if available from their employing agency, electronic media to make an election. If an electronic medium is used, all relevant elements contained on the paper form must be included in the electronic medium.

(b) A contribution election must:

(1) Be completed in accordance with the instructions on the form, if a paper form is used;

\* \* \* \* \*

■ 7. Section 1600.22 is revised to read as follows:

#### § 1600.22 Maximum contributions.

(a) *Regular employee contributions.* The amount a participant can contribute to the TSP under this paragraph is subject to the Internal Revenue Code (I.R.C.) limitations described in paragraphs (a)(3) and (4) of this section.

(1) *FERS percentage limit.* The maximum employee contribution from basic pay for a FERS participant for December 2002 through November 2003 is 13 percent per pay period. The maximum contribution will increase one percentage point in December of each year until December 2005, after which the percentage of basic pay limit will not apply and the maximum contribution will be limited only as provided in paragraphs (a)(2) and (3) of this section.

(2) *CSRS and uniformed services percentage limit.* The maximum employee contribution from basic pay for a CSRS or uniformed services participant for December 2002 through November 2003 is 8 percent per pay period. The maximum contribution will increase one percent in December of each year until December 2005, after which the percentage of basic pay limit will not apply and the maximum contribution will be limited only as provided in paragraphs (b) and (c) of this section.

(3) *I.R.C. limit on elective deferrals.* Section 402(g) of the I.R.C. (26 U.S.C. 402(g)) places a dollar limit on the amount an employee may save on a tax-deferred basis through regular contributions to the TSP. The TSP will not accept any regular employee contributions that exceed this limit. If a participant contributes to the TSP and another plan, and the combined contributions exceed the section 402(g) limit, he or she may request a refund of employee contributions from the TSP to conform to the limit.