

Subject: All CPF E-mail – TSP Open Season 15 Oct – 31 Dec 04

Sent: Wednesday, 13 Oct 04

The purpose of this E-mail is to provide information about the Thrift Savings Plan (TSP) Open Season, which begins 15 Oct and runs through 31 Dec 04.

During this open season, the maximum civilian employee contribution rates are increasing. Federal Employees Retirement System (FERS) employees may contribute up to 15 percent of basic pay and Civil Service Retirement System (CSRS) employees may contribute up to 10 percent. Also, the Internal Revenue Service (IRS) annual limit on elective deferrals increases to \$14,000 for calendar year 2005. TSP elections made between 15 Oct - 11 Dec 04 will be effective 12 Dec 04, elections made 12 - 25 Dec 04 will be effective 26 Dec 04, and those made 26 - 31 Dec 04 will be effective 9 Jan 05.

A copy of the TSP Open Season Public Affairs article, scheduled for release shortly, is attached.

An article on the TSP Open Season will be included in the Oct 04 issue of the BEST newsletter. Additional information on the TSP Open Season can be found on the BEST Homepage (<http://www.afpc.randolph.af.mil/dpc/best/menu.htm>) under "Thrift Savings Plan" and under "What's New?" for October 2004.

If civilian employees located in the United States have any questions regarding articles in the TSP Open Season, they may reach a BEST counselor by calling 1-800-616-3775 (press 2 for civilian, then 2 again for benefits and entitlements, and follow the prompts). Employees located in foreign areas will dial the toll-free AT&T direct access number for the country in which located, then 800-997-2378. Hearing impaired employees may reach a counselor by calling TDD 1-800-382-0893, or commercial 565-2276 if within the San Antonio Texas area. Benefit counselors are available Monday through Friday, 7 a.m. to 6 p.m. Central Standard Time.

If you have electronic capability, please forward this E-mail to all directorates/organizations at your base and ask that they forward it to all levels within their organization. As always, we appreciate your support.

Chief, Benefits and Entitlements
AFPC/DPCB

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Air Force announces Thrift Savings Plan open season

RANDOLPH AIR FORCE BASE, Texas -- Civilian and military employees can sign up for, or change, their Thrift Savings Plan contribution amounts during the "open season" Oct. 15 - Dec. 31.

"TSP is a long-term retirement savings plan, which everyone should consider," said Senior Master Sgt. Felipe Ortiz, superintendent of the Air Force Personnel Contact Center here. "It's a great supplement to military and civilian retirement plans.

"It's also important to note that TSP is not limited to investing in stocks," said Sergeant Ortiz. "People can choose safer government securities as well."

This open season applies only to regular TSP contributions. It does not include TSP catch-up contributions, as they are not tied to open seasons, according to Janet Thomas, of AFPC's civilian benefits and entitlements service team.

TSP offers investors the chance for lower taxes each year they contribute while not having to pay taxes on earnings until they reach retirement.

"Eligible employees can take out loans and make in-service withdrawals from their TSP accounts," said Ms. Thomas. "And you can keep your account, even if you leave military or federal civilian service."

Investment money is deposited directly from each paycheck "so you never have to think about it," said Sergeant Ortiz. "That makes it easy to 'pay yourself first' while only investing what you deem appropriate."

The five TSP funds are: the Government Securities Investment (G) Fund; the Common Stock Index Investment (C) Fund; the Fixed Income Index Investment (F) Fund; the Small Capitalization Stock Index Investment (S) Fund; and the International Stock Index Investment (I) Fund.

"As with any individual retirement account, the sooner you begin contributing, the better," said Ms. Thomas.

Contribution elections/changes made between Oct. 15 and Dec. 11 will take effect Dec. 12, for both military and civilian personnel. Changes made on or after Dec. 12 will become effective at the beginning of the pay period following the one in which the election is made for civilians and the following month for military.

Some of the specifics of the program include:

Military

-- Military members can contribute up to 9 percent of their base pay, as long as the annual total of tax-deferred investment doesn't exceed \$13,000 for 2004. Airmen also have the ability to invest all or part of their bonuses or special pay.

- Those serving in tax-free combat zones are allowed up to \$41,000 in annual contributions.
- Military members can enroll through the Defense Finance and Accounting Service web site at <http://www.dfas.mil/emss/>. They can also enroll by filling out a form TSP-U-1 at local military personnel flights, finance offices and family support centers.
- Contribution allocations (how an employee chooses to invest money among the five funds) can be made by calling the TSP automated ThriftLine at (504) 255-8777 or on the TSP web site at <http://www.tsp.gov/>. For general TSP questions, call the Air Force Personnel Contact Center at (800) 616-3775.
- Specific TSP information is available for Air Force military personnel at http://www.afpc.randolph.af.mil/mpf/TSP/thrift_savings_plan.htm.

Civilian

- Contribution limits are based on which retirement system an employee has. For the current open season, the following contribution rates apply:
 - Federal Employees' Retirement System employees may contribute up to 15 percent of basic pay each pay period. Once eligible, the government provides matching funds of up to four percent as well as an automatic one percent each pay period, whether the employee contributes or not, making the government's contribution five percent.
 - Employees covered by the Civil Service Retirement System may contribute up to 10 percent of basic pay, but do not receive any agency contributions.
 - Beginning the open season Oct. 15 to Dec. 31, 2005, there will no longer be percentage limits on how much FERS and CSRS employees may contribute each year, said Ms. Thomas. Contributions will be restricted only by the Internal Revenue Code's annual limit, which is currently \$13,000 for 2004 and \$14,000 for 2005. In 2006, the limit will be \$15,000, and after 2006 increases will be indexed to the annual cost-of-living adjustment referred to in the tax code.
 - Specific information is available for civilian employees from the Thrift Savings Plan web site at <http://www.tsp.gov/> and the BEST homepage at <http://www.afpc.randolph.af.mil/dpc/BEST/menu.htm>.
 - All Air Force-serviced civilian employees will make their TSP contribution elections or changes electronically through the Web-based Employee Benefits Information System at http://www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm or through the BEST automated phone system at (800) 616-3775. Hearing impaired employees may contact BEST by calling TDD (800) 382-0893 or commercial 565-2276 within San Antonio, Texas. Overseas employees will dial the AT&T Direct Access Number for the country they are calling from and then enter 800-997-2378. AT&T access instructions can be obtained from http://www.att.com/business_traveler/guides_and_access/dialing_instr.html#outside. Counselors are available weekdays from 7 a.m. - 6 p.m. Central Time.
 - Contribution allocations (how an employee chooses to invest their money among the five funds) are made via the "Account Access" section of the TSP website (www.tsp.gov), or by calling the ThriftLine (1-877- 968-3778 for employees in the 50 States, Virgin Islands, Puerto Rico, Guam, American Samoa and Canada; 1 (504)-255-8777 for employees elsewhere).

More information about the Thrift Savings Plan can be found in the booklet "*Summary of the Thrift Savings Plan*" on the TSP home page under civilian or uniformed services TSP Forms and Publications.