

# Your Federal Benefits Explained



## Withdrawing Your TSP Account

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### YOUR WITHDRAWAL OPTIONS

#### ***Partial Withdrawal***

If you want to make a one-time-only withdrawal of part of your TSP account and leave the rest in the TSP until a later date, use Form TSP-77 (TSP-U-77), Request for Partial Withdrawal When Separated. You can make a partial withdrawal of \$1,000 or more from your account.

You are eligible to make a partial withdrawal so long as you did not make an age-based in-service withdrawal (at age 59½ or older) from your TSP account while you were employed by the Federal government or the uniformed services.

#### ***Full Withdrawal***

When you are ready to withdraw all of your money from your TSP account, there are a number of ways you can do so.

A single payment - You can withdraw your entire TSP account balance in a single payment.

A series of monthly payments - You can withdraw your entire account in a series of substantially equal monthly payments. You can choose:

- § Monthly payments computed by the TSP based on IRS life expectancy tables. Your initial payment amount will be based on your age and your account balance at the time of your first payment. Each year, on the anniversary of the date of your first monthly payment, the TSP will recalculate the amount of your monthly payments. The recalculation will be based on your age and your account balance at the end of the preceding year.
- § A specific dollar amount. You will receive payments in the amount that you request until your entire account balance has been paid to you. The amount of each monthly payment must be \$25 or more.

You can use the monthly payment calculators on the TSP Web site to estimate how many monthly payments you can receive from your account when you choose a specific dollar amount, or to estimate how much you can receive each month if you choose monthly payments based on life expectancy. (Remember that investment gains or losses could cause your account balance to increase or decrease, which could expand or reduce either the amount of your monthly payments or their duration.)

While you are receiving monthly payments, you can **change the proportions of your account balance** that are invested in the various TSP investment funds by making an interfund transfer. When considering an interfund transfer, keep in mind that the L Income Fund was designed to produce current income for participants who are receiving monthly payments. You should also consider your individual circumstances to see if another TSP fund or combination of funds might be more appropriate.

A life annuity - You can withdraw your entire account as a life annuity. An annuity is a monthly benefit paid to you for life. The TSP will purchase an annuity for you from the TSP's annuity provider for a minimum amount of \$3,500. The annuity guarantees payment for life; however, you no longer have control over the money and you cannot change anything once the annuity has been elected. You can elect a single life annuity for joint and survivor spouse annuity. If you elect joint and survivor spouse annuity, you may provide either 100% or 50% for whoever outlives whom.

Other features which you can elect as part of the annuity are: with or without Cost of Living Allowance (COLA), cash refund, and 10-year certain payout. The options must be considered before you elect the annuity; nothing can be added, dropped or changed after you have elected the annuity.

A mixed withdrawal - You can withdraw your entire account balance through a combination of any two, or all three of the available full withdrawal options (single payment, monthly payments, or a life annuity). The rules for each of the options that you choose will be the same as those described above. Thus, if you use only a portion of your account balance to purchase an annuity, the portion of your balance that you use to purchase the annuity must equal at least \$3,500.

Your agency must notify the TSP that you have separated and provide the date of your separation. The agency ordinarily provides this information to the TSP at the time it pays the last paycheck to a separated employee. In most cases, this will be between two and four weeks after the actual date of separation. *The TSP cannot process your withdrawal until your agency or service reports this information.*

When information about your separation is received, the TSP will send you your current account and withdrawal information and a tax notice – unless the TSP has already received a withdrawal election from you. If you do not receive this material within 60 days after separating, contact your former agency to make sure it has reported your separation to the TSP. If the TSP received a withdrawal election from you, but your agency has not reported your separation, the TSP will hold your withdrawal request for 30 days pending receipt of the separation information. If the TSP still has not heard from your agency after 30 days, they will reject your request and notify you.

*Transfer and conversion of the TSP to a tax-deferred account will be covered in the next issue.*