

Subject: All CPF E-Mail - TSP Open Season (15 Oct-31 Dec 03) & BEST Oct 03 Newsletter

Sent: Wednesday, 15 October 2003

The purpose of this E-mail is to provide you and your staff information about the Thrift Savings Plan (TSP) Open Season and the BEST October 2003 Newsletter.

The Thrift Savings Plan (TSP) Open Season begins 15 Oct and runs through 31 Dec 03. During this open season, the maximum employee contribution rates are increasing. Federal Employees Retirement System (FERS) employees may contribute up to 14 percent of their basic pay and Civil Service Retirement System (CSRS) employees may contribute up to 9 percent. Also, the Internal Revenue Service (IRS) annual limit on elective deferrals increases to \$13,000 for calendar year 2004. Elections made between 15 Oct - 13 Dec 03 will be effective 14 Dec 03. Elections made 14 - 27 Dec 03 will be effective 28 Dec 03, and those made 28 - 31 Dec 03 will be effective 11 Jan 04.

This open season BEST is mailing personal letters to 1,855 highly paid FERS employees (salary greater than \$92,857) who will be affected by the annual limit on elective deferrals. The letters will be mailed to employee home addresses starting 14 Oct 03. A copy of the letter is attached.

The October issue of the BEST newsletter, which includes an article on the TSP Open Season, is being distributed via the newsletter subscriber service this week. It will also be available via the BEST telephone automated system fax-back. Employees dial the BEST Employee Line number (1-800-997-2378 or commercial 527-2378 if calling within the San Antonio TX area), select menu option "6" for fax-back documents, and then request document #6017 for the Oct 03 Newsletter. The newsletter will also be posted on the BEST homepage at <http://www.afpc.randolph.af.mil/dpc/best/newsletters.htm>. Additional information on the TSP Open Season can be found on the BEST Homepage under "Thrift Savings Plan" and under "What's New?" for October 2003.

Lastly, attached is a copy of the TSP Open Season Public Affairs article which was scheduled for release on 13 Oct 03.

We appreciate your continued support.

Chief, Special Operations Division
AFPC/DPCM

Attachments:

1. Elective Deferral Letter
2. TSP Open Season Public Affairs Article

10 Oct 03

MEMORANDUM FOR FERS EMPLOYEES AFFECTED BY THE ANNUAL LIMIT
ON ELECTIVE DEFERRALS

FROM: HQ AFPC/DPCM
550 C Street West Suite 57
Randolph AFB TX 78150-4759

SUBJECT: Thrift Savings Plan (TSP) Open Season and the Elective Deferral Limit for 2004

The next TSP Open Season begins 15 Oct and runs through 31 Dec 03. During this open season, employees covered under the Federal Employees Retirement System (FERS) may contribute up to 14 percent of their basic pay each pay period, subject to the Internal Revenue Service (IRS) annual elective deferral limit. For 2004, the elective deferral limit is \$13,000. If you are a FERS employee whose annual salary is \$92,857 or more, you should keep in mind the annual limit on tax-deferred contributions when deciding how much you will contribute to your TSP account. And remember, it's the pay date, not the effective date, which determines the year your tax-deferred contributions apply to. For this open season, the first effective date is 14 Dec 03 and the pay date is 2 Jan 04 (for elections made 15 Oct - 13 Dec 03). Elections made 14 - 27 Dec 03 will be effective 28 Dec 03 and reflected in your pay on 16 Jan 04; if you make the election 28 - 31 Dec 03, it will be effective 11 Jan 04 and reflected in your pay on 30 Jan 04.

The TSP Fact Sheet, "Annual Limit on Elective Deferrals," will assist you in determining how to spread your contributions over the entire year. This fact sheet is located on the TSP website at <http://www.tsp.gov/forms/index-factsheets.html>. The TSP has developed an Elective Deferral Calculator that is now available on their website at <http://www.tsp.gov/calc/contributions/index.html>. The calculator determines a dollar amount FERS employees can contribute each pay period to ensure their contributions are spread out over all pay periods in order to receive the maximum Agency Matching Contributions.

You may make a change in your TSP contribution election through the BEST automated system by web or telephone between 15 Oct and 31 Dec 03. You will access the BEST web automated system at http://www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm. If using the BEST automated telephone system, call our toll-free number at 1-800-997-2378 or commercial 527-2378 if calling within the San Antonio, Texas area. If you are located overseas, you'll first dial a toll-free AT&T direct access number, then 800-997-2378. AT&T direct access numbers can be obtained from the web at http://www.att.com/international_business/dialing_guide/country-diallist.cgi.

Chief, Special Operations Division
Directorate of Civilian Personnel Operations

Oct. 14, 2003
Release No. 079

Air Force announces Thrift Savings Plan open season

AIR FORCE PERSONNEL CENTER -- 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 an easy, long-term retirement savings plan, that everyone should consider," said Senior Master Sgt. Felipe Ortiz, superintendent of the contact center here. "Current account holders might be interested, too, in transferring money from one fund to another -- the TSP folks are set up to handle that.

"Either way it's a great supplement to military and civilian retirement plans," said Sergeant Ortiz. "It's important to note that TSP is not limited to investing in stocks. 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, said 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 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. 13 will take effect Dec. 14, for both military and civilian personnel. Changes made after Dec. 14 will become effective at the

beginning of the pay period following the pay period 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 continue to contribute up to eight percent of their base pay through November. Beginning Dec. 1, members may increase their contribution to nine percent as long as the annual total of tax-deferred investment doesn't exceed \$12,000 for 2003. 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 \$40,000 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 AFPC Contact Center at DSN 665-5000 or (866) 229-7074.
- 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 14 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 nine percent of basic pay, but do not receive any matching contributions or the automatic one percent.

-- The percentage FERS and CSRS employees may contribute will increase by one point each year through 2004, when they will be restricted only by the Internal Revenue Code's annual limit, \$12,000 in 2003 and \$13,000 in 2004, said Ms. Thomas.

-- Specific information is available for civilian employees from the Thrift Savings web site at <http://www.tsp.gov/> or the BEST homepage at

<http://www.afpc.randolph.af.mil/dpc/BEST/menu.htm>.

-- All Air Force civilian employees will make their TSP contribution elections or changes through the BEST automated phone system at (800) 997-2378, or commercial 527-2378 in San Antonio or the Employee Benefits Information System web application at

www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm. Hearing impaired employees may contact BEST by calling TDD (800) 382-0893 or commercial 565-2276. Overseas employees enter 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 by calling the TSP automated ThriftLine at (504) 255-8777 or on the TSP web site at <http://www.tsp.gov/>.

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.

(AFPC is located at Randolph AFB, Texas.)