

TSP Withdrawal Options

Employees who leave Federal service must be given a Withdrawal Package which includes TSP withdrawal forms and information concerning withdrawal options. To leave funds in the TSP, the employee must be eligible for immediate or deferred retirement at the time of separation.

A withdrawal election must be made by February 1 of the year following the year in which the employee

- turns 70 & half years old and separated from the service
- reaches the tenth anniversary of the first contribution to his/her account (including agency automatic contribution), or
- separates from service, whichever is later.

If a withdrawal election is not made by the required date, the TSP account must be paid in the form of an annuity.

If the employee's vested account balance is \$3,500 or less the funds cannot be left in the TSP. The funds must be transferred to another eligible retirement program or issued to the worker as a single payment.

An employee separating from Federal service with less than 5 years of service and thus not entitled to retirement benefits must transfer their funds to another eligible retirement plan.

Employees eligible for basic retirement benefits with more than \$3,500 in their accounts may choose from the following withdrawal options:

1. Transfer the entire balance to an eligible retirement plan.
2. Have the TSP purchase a life annuity (guaranteed monthly payments for remaining life or joint life annuity with spouse) on their behalf.
3. Receive the entire amount in a single payment.
4. Receive the entire amount in a series of payments.

New in-Service Withdrawals

Two new in-service withdrawal options can give you access to your money while you are still employed -- even if you're in a non-pay status. These options are the age-based withdrawal and the financial hardship withdrawal.

The age-based withdrawal applies if you are age 59 1/2 or older. You can make a one-time in-service withdrawal from your account. The financial hardship withdrawal can be made regardless of age if you can demonstrate financial hardship and supporting documentation.

Before making an in-service withdrawal, you'll want to consider other sources of funds including general purpose TSP loans, which do not require documentation. Unlike a TSP loan, you can't repay the amount you withdraw, so you're permanently depleting your retirement savings. And unlike a loan, in-service withdrawals have significant tax implications.

To get more information about in-service withdrawals, ask your civilian personnel flight (CPF) for the booklet, TSP In-Service Withdrawals. You can also get the booklet and application forms (TSP-75 and TSP-76) from the [TSP](#) web site