



Thrift Savings Plan

BULLETIN for Service TSP Representatives

Subject: Processing Thrift Savings Plan Loan Payments in the TSP Record Keeping System

Date: November 8, 2005

This bulletin outlines the procedures that services must use to report Thrift Savings Plan (TSP) loan payments to the TSP. It supersedes TSP Bulletin 02-U-22 to announce a change to the rules regarding TSP loan payments under chapter 13 bankruptcy. As addressed in Section III, payroll offices must **continue** making TSP loan payments for participants who have filed chapter 13 bankruptcy petitions on or after October 17, 2005.

I. Deducting and Submitting Loan Payments

Services must deduct loan payments from the pay of their participants and report the payments to the TSP, as discussed in Section II of this bulletin.

A. Deducting loan payments

When a TSP loan is disbursed, the participant's payroll office receives the Loan Status Report (Report TSP 19401) to show the loan payment amount that must be deducted from the participant's pay. If a loan is reamortized, the payroll office receives Report TSP 19401 to show the new loan payment amount. When the loan is paid in full, the payroll office receives Report TSP 19401 to show a loan payment amount of \$0.

Accordingly, the payroll office must make the deductions from the participant's pay and submit loan payments to the TSP each pay period. If the loan payment amount is \$0, the payroll office must stop the loan payment deductions. If, however, a payroll office submits a loan payment for a participant whose loan is paid in full, the TSP will refund the payment directly to the participant.

(continued on next page)

Inquiries: Questions concerning this bulletin should be directed to the Federal Retirement Thrift Investment Board at **202-942-1460**.

Chapter: This bulletin may be filed in Chapter 7, Loan Program.

Supersedes: This bulletin supersedes TSP Bulletin 02-U-22, Processing Thrift Savings Plan Loan Payments in the New Record Keeping System, dated July 25, 2002.

B. Submitting loan payments

To submit payments to the TSP, payroll offices may use either the discretionary allotment method or the journal voucher method.

1. Discretionary allotment method

Loan payments submitted by the discretionary allotment method are reported on an agency's payroll file in accordance with procedures administered by the Department of Treasury's Financial Management Service. The payments are made to the TSP by an electronic transfer of funds via a Federal Reserve Bank (FRB). The [record format](#) for the payroll file is administered by the Department of Treasury.

2. Journal voucher method

Loan payments submitted by the journal voucher method are reported on loan payment records, and the funds are transferred from services' clearing accounts to the TSP. The loan records must be accompanied by Form TSP-U-2-L and the [header](#) and [trailer](#) records.

a. Loan payment record

The [loan payment record](#) reports a participant's loan payment amount. If a participant has two outstanding loans, the loan payments must be reported on separate loan payment records.

If the record is reporting a loan payment that is being deducted from the participant's salary for the current pay date (as reported on the header record and journal voucher accompanying the submission), the "as of" date should be blank.

If, however, the record is reporting a loan payment that had been deducted from the participant's salary on an earlier pay date but was not reported or was not processed by the TSP then because the record contained errors, the "as of" date is the pay date that the payment was deducted. Such payments will be referred to as "late loan payments."

The last field of the record (58-80) is a "service use only" field. Payroll offices may enter any data they choose in this field or they may leave this field blank. If the field contains data, this data will be shown on breakage reports that the payroll office receives. (See the TSP bulletin Payroll Office Reports Produced by TSP Record Keeping System for more information about reports.)

b. Form TSP-U-2-L

Loan payment records submitted by the journal voucher method must be accompanied by [Form TSP-U-2-L](#) to certify the accuracy of the data on the records and to authorize the transfer of funds from the payroll office to the TSP.

II. Processing Service Submissions

A. Investing loan payments

The TSP will invest all loan payments according to the participant's contribution allocation on the posting date. Loan payments submitted by the discretionary allotment method will be posted on the settlement date provided by the FRB and generally will not incur breakage.

Loan payments submitted by the journal voucher method will be posted as soon as the requisite system edits are passed. If the submission contains late loan payments or if the submission is late (as described below), the breakage incurred will also be invested according to the participant's contribution allocation on the posting date.

B. Determining breakage (journal voucher submissions)

1. Loan payment records

If the loan payment record contains an "as of" date that is more than 30 days earlier than the current pay date reported on the header record, the TSP will calculate breakage based upon the share prices for the fund(s) in which the participant would have invested on the "as of" date.

2. Late submissions

If loan payments on a journal voucher submission are posted more than 30 calendar days after the "current pay date" reported on the header record (and journal voucher), the submission is considered late (unless the late posting is due to record keeper processing delay). Generally, in cases of late submissions, the TSP will also calculate breakage on all current loan payments contained in the submission. The calculation will be based on the share prices for the fund(s) in which the participant would have invested on the reported current pay date.

3. See the TSP bulletin Processing Service Submissions in the TSP Record Keeping System for more information about breakage, including its definition and how it is calculated.

III. Loan Payments and Bankruptcy Petitions

Under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, TSP loan payments are not affected by bankruptcy petitions filed on or after October 17, 2005. Although this has always been true for loans made by participants who have filed chapter 7 bankruptcy petitions, it is now also true for participants who have filed chapter 13 bankruptcy petitions.

Consequently, if a service receives a bankruptcy petition that was filed after October 16, 2005, by a participant with a TSP loan, the service must continue deducting and reporting the participant's loan payments. If the petition was filed

before October 17, 2005, and it is filed under chapter 13, the TSP loan payments should be stopped. Unless the filing date is apparent from the face of the order, or the service has actual knowledge of the filing date, TSP accounts identified in bankruptcy notices received after October 16, 2005, should be treated as if the participants had filed for bankruptcy after October 16.

As always, a bankruptcy action order cannot change the timing or the amount of the participant's loan payments.

For more information about the effect of a bankruptcy petition on TSP loans, see the Fact Sheets *Bankruptcy Information — Petitions filed on or after October 17, 2005* and *Bankruptcy Information — Petitions filed before October 17, 2005*, which are available from the TSP Web site under Forms & Publications.

A handwritten signature in cursive script that reads "Pamela-Jeanne Moran".

PAMELA-JEANNE MORAN
Director
Office of Benefits Services

**FRB Record Format for TSP Loan Payments
(PPD - Entry Detail Record)**

FD TSPS130-FRB-FILE
LABEL RECORDS ARE STANDARD
RECORD CONTAINS 94 CHARACTERS
RECORDING MODE IS F
BLOCK CONTAINS 0 RECORDS.

01 FRB-RECORD.

05 FRB-DETAIL-RECORD.

10	FRB-TYPE-CODE	PIC 9(01).	("6" - Detail Record)
10	FRB-TRANS-CODE	PIC 9(02).	("32" - Loan Payment)
10	FRB-TRANS-ROUT-NO	PIC X(08).	("06573622" - TSP Routing Transit Number (RTN))
10	FRB-TRANS-ROUT-CHK	PIC 9(01).	("5" - Check digit for TSP RTN)
10	FRB-DFI-ACCT-NO.		(Loan account number)
15	FRB-DFI-ACCT-7	PIC X(07).	(first seven characters - numeric)
15	FRB-DFI-ACCT-8	PIC X(01).	(eighth character - alpha)
15	FRB-DFI-ACCT-9	PIC X(01).	(not used by TSP - leave blank)
15	FRB-DFI-REST	PIC X(08).	(not used by TSP - leave blank)
10	FRB-DTL-AMT	PIC 9(8)V99.	(Loan payment amount)
10	FRB-IND-ID-NO.		
15	FRB-IND-ID-NO-SSN	PIC 9(09).	(Social Security number)
15	FRB-IND-ID-NO-PAY	PIC X(06).	(first six characters of payroll office number)
10	FRB-IND-NAME	PIC X(22).	(Member's name - not edited by the TSP)
10	FRB-DISC-DATA	PIC X(02).	(last two characters of payroll office number)
10	FRB-ADDENDA-ID	PIC 9(01).	("0" - no addenda records)
10	FRB-TRACE-NO	PIC 9(15).	(positions 0-8 - RTN of originator positions 9-15 - Unique number in ascending sequence)

Uniformed Services Header Record (Loan Payments)

APPLICATION		FILE ORGANIZATION			RCD SIZE		BLOCK SIZE	
THRIFT SAVINGS PLAN SYSTEM		FIXED BLOCK			80			
DESCRIPTION	FORMAT	X(04)	X(06)	9(04)	9(02)	9(02)	9(08)	X(30)
FORM TSP-U-2-L Header Record	D A T A	"LHD7"	Journal Voucher Number	Current Pay Date			Payroll Office Number	Payroll Office Contact Name
				Year	Month	Day		
	LENGTH	4	6	4	2	2	8	30
	POS	01-04	05-10	11-14	15-16	17-18	19-26	27-56

9(03)	9(03)	9(04)	X(14)
Payroll Office Contact Phone Number			FILLER
Area Code	Exchange	Number	
3	3	4	
57-59	60-62	63-66	

Uniformed Services Trailer Record (Loan Payments)

APPLICATION	FILE ORGANIZATION			RCD SIZE	BLOCK SIZE	
THRIFT SAVINGS PLAN SYSTEM	FIXED BLOCK			80		
DESCRIPTION	FORMAT	X(04)	S9(08)	S9(09)V99	X(57)	
FORM TSP-U-2- L Trailer Record	D A T A	"LTLR"	Total Number of Loan Payment Records	Loan Payments Total	FILLER	
	LENGTH	4	8	11	57	
	POS	01-04	05-12	13-23	24-80	

Uniformed Services Loan Payment Record - L7

APPLICATION		FILE ORGANIZATION				RCD SIZE	BLOCK SIZE		
THRIFT SAVINGS PLAN SYSTEM		FIXED BLOCK				80			
DESCRIPTION	FORMAT	9(09)	9(04)	9(02)	9(02)	9(04)	9(02)	9(02)	X(02)
TSP Loan Payment Record	D A T A	SSN	Date Of Birth			As Of Date			Record Type "L7"
			Year	Month	Day	Year	Month	Day	
RECORD NUMBER "L7"	LENGTH	9	4	2	2	4	2	2	2
	POS	01-09	10-13	14-15	16-17	18-21	22-23	24-25	26-27

X(08)	S9(05)V99	X(02)	X(02)	X(11)	X(23)
TSP Loan Account Number	Loan Payment Amount	Department Code	Agency Code	Filler	Service Use Only
8	7	2	2	11	23
28-35	36-42	43-44	45-46	47-57	58-80