

The Thrift Savings Plan and IRAs

Participants frequently ask questions about their Thrift Savings Plan (TSP) accounts and Individual Retirement Accounts (IRAs). You may find the following information helpful; however, the rules associated with retirement plans can be complex. For authoritative tax advice, you should contact a tax advisor or your local Internal Revenue Service (IRS) office.

Can I contribute to both my TSP account and an IRA?

Yes. Your participation in the TSP does not affect your eligibility to contribute to an IRA. However, the Internal Revenue Code (IRC) establishes limits on the dollar amount that you can contribute to eligible employer plans like the TSP and to individual retirement accounts such as traditional IRAs and Roth IRAs. These limits may change from year to year. You can find the TSP contribution limits for the current year at www.tsp.gov. You should also be aware that depending on your personal financial situation, contributing to the Roth TSP may affect your eligibility to contribute to a Roth IRA.

Your IRA provider or tax advisor can give you specific information about types of IRAs, limits, and rules. You can also refer to IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

Can I move money from my IRA into my TSP account?

You can move money from a traditional IRA into your TSP account. But you cannot move money from a Roth IRA into your TSP account. There are two ways to move your traditional IRA money into your TSP account:

- 1) You can have your traditional IRA money transferred directly into the TSP. This is also often referred to as a **transfer or direct rollover**. You initiate the transaction but you don't have to deposit the money yourself. The transfer of money is done between your IRA plan custodian and the TSP. Be aware that you cannot transfer money from a Roth IRA into your TSP account even if you have a TSP Roth balance.

- 2) You may also **roll over** your money, in which case the payment is made to you from your traditional IRA and you will have to deposit it yourself into the TSP within 60 days after you receive your payment. You cannot roll over money from a Roth IRA into your TSP account even if you have a TSP Roth balance.

How do I transfer or roll over money from my traditional IRA into my TSP account?

To transfer or roll over a traditional IRA into your TSP account, you and the IRA custodian must complete Form TSP-60, Request for a Transfer Into the TSP. The form is available on the TSP website or you can call the ThriftLine.

Can I transfer my TSP account to my IRA?

Some payments from the TSP may be transferred or rolled over into an IRA or eligible employer plan. For detailed information, see the TSP tax notice "Important Tax Information About Payments From Your TSP Account." Be aware that the tax rules regarding transfers and rollovers can be complicated. You should consult a qualified tax advisor to ensure that you understand the tax consequences of such a transaction.

Can I transfer my TSP account to the IRA of my spouse?

Generally, no. Your spouse's IRA is not eligible to receive your TSP account. However, when a participant dies, the TSP will automatically set up a beneficiary participant account for a surviving spouse beneficiary to receive the death benefit. Certain withdrawals from beneficiary accounts are eligible for transfers to IRAs. For more information see the TSP booklet *Your TSP Account: A Guide for Beneficiary Participants* or visit the TSP website.

