



Thrift Savings Plan

Change in Required Minimum Distribution Age:

The SECURE Act, which passed on December 20, 2019, changes the age at which you have to start taking required minimum distributions from 70 ½ to 72. The law excludes people who turned 70 ½ on or before December 31, 2019. We are awaiting guidance from the IRS on how this new law should be implemented. Please be aware that the resource you're trying to access has not been updated for the new law.

Questions and Answers about Changes to TSP Withdrawal Options

This fact sheet answers frequently asked questions about changes to the TSP withdrawal options associated with the passage of the TSP Modernization Act (PL 115-84).

When did these changes happen?

All of the new withdrawal options went into effect September 15, 2019.

What's changed?

You now have more options for how and when you can access money from your TSP account. These options fall into the following categories:

- After you separate from service, you can take multiple post-separation partial withdrawals.
- If you're 59½ or older and still working in federal civilian or uniformed service, you can take up to four in-service withdrawals each year.
- You can choose whether your withdrawal should come from your Roth balance, your traditional balance, or a proportional mix of both.
- You no longer need to make a full withdrawal election after you turn 70½ and are separated from federal service. (You will still need to receive IRS required minimum distributions (RMDs).)
- If you're a separated participant, you can take monthly, quarterly, or annual payments.
- You can stop, start, or make changes to your installment payments at any time.
- You now have enhanced online tools to help you make withdrawals in the My Account section of tsp.gov.

Read the following sections for more details.

Partial Withdrawals

Before these changes, you were limited to one partial withdrawal in your lifetime—either an age-based in-service withdrawal (when you're 59½ or older) or a partial post-separation withdrawal. Now,

- you can take up to four age-based in-service withdrawals per calendar year¹;
- there is no limit of the number of partial withdrawals you can take after separating from federal service (except that you won't be able to take more than one every 30 calendar days);
- you can take partial withdrawals while you're receiving post-separation installment payments; and
- having taken age-based in-service withdrawals does not prevent you from taking post-separation partial withdrawals.

Roth, Traditional, or Both

It used to be that when you took a withdrawal, the money came from your traditional and Roth balances on a pro rata basis. For example, if 80% of your account was in your traditional balance and 20% was in Roth, any withdrawal you took was 80% traditional and 20% Roth. Under the current rules, you can still use this method, but you also have the option to take your withdrawal only from your Roth balance or only from your traditional balance. These options are available for all types of withdrawals.

¹ The rules on the number of in-service hardship withdrawals have not changed.



Withdrawal Deadline

Previously, the law required that you make a full withdrawal election once you turned 70½ and were separated from federal service. If you failed to do that, we would initiate an account “abandonment” process.

The TSP Modernization Act did away with this requirement. You will never be required to make a full withdrawal election, and we are no longer abandoning accounts as we have in years past.

If your account has already been abandoned, you can restore the account without making a full withdrawal election. Your restored balance can remain in the plan (subject to RMDs) with all the new withdrawal options available.

The changes we've made do not change required minimum distribution (RMD) rules. If you're subject to RMDs, you can satisfy the requirement by taking a partial withdrawal or installment payments. If you take no action or just don't withdraw enough to meet your RMD, we will automatically send you the remaining RMD amount.

Installment Payments

- Monthly payments used to be the only frequency option you had for receiving regular post-separation or beneficiary participant installment distributions from your account. Now you can choose to receive payments quarterly or annually.
- Under the previous rules, if you were receiving monthly payments, you could only change the amount of those payments during an open season between October 1 and December 15. Now you can change the amount and frequency (monthly, quarterly, annual) of your installment payments—and change from life-expectancy payments to a fixed dollar amount²—at any time throughout the year.
- Before, if you wanted to stop your monthly payments, you had to receive the remainder of your account in a final withdrawal paid to you or transferred to an IRA or other eligible plan. The new rule eliminates that requirement, allowing you to stop and start your payments any time.

What is the withdrawal process under the current rules?

We are now using enhanced online tools to make the withdrawal process even more efficient. Instead of just providing you with a completed paper form to send in, our new online tools allow you to complete at least part of the transaction online. In many cases you'll still need to provide notarized signatures or other materials in paper form. But when that happens, you'll be given only the necessary pages to complete and submit. When we receive those pages, we'll be able to link them to the information you've already submitted securely online and complete your transaction. This will greatly reduce the chance of errors that could cause delays, rejections, or—worse—unintended withdrawals that can't be reversed.

Can beneficiary participants use the new withdrawal options?

Yes, beneficiary participants, the spouses of deceased TSP participants who've had accounts established for them, can make all the same withdrawals as separated TSP participants.

If I've already begun receiving monthly payments from my TSP account, are the additional withdrawal options available to me? How about if I took a partial withdrawal (either in-service or post-separation) before the changes took place? Does that prevent me from being able to take additional withdrawals later?

If you had an account balance when the new rules went into effect, even if you had begun receiving monthly payments or had taken a partial withdrawal before then, you can take advantage of the new withdrawal options. Note that, as was always the case, if you are receiving installment payments and elect to make a change that affects the duration of your payments, there may be tax consequences. For more information, see the TSP tax notice *Important Tax Information About Payments From Your TSP Account*.

² This is a one-time-only change. As has always been the case, once you choose to receive “dollar-amount” payments, you cannot switch to life-expectancy.