

UPDATED: Thrift Savings Plan: Temporary Changes Under the CARES Act and Related Q&As

UPDATE: The TSP has announced new loan or withdrawal options available starting June 22 for people meeting the below criteria:

- You have been diagnosed with the virus SARS–CoV–2 or with coronavirus disease 2019 (COVID–19) by a test approved by the Centers for Disease Control and Prevention.
- Your spouse or dependent (as defined in section 152 of the Internal Revenue Code of 1986) has been diagnosed with such virus or disease by such a test.
- You are experiencing adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury (or the Secretary's delegate).

Increased maximum loan amount

The maximum loan amount is increased from \$50,000 to \$100,000, and the portion of your available balance you can borrow is raised from 50% to 100%. The deadline for applying for a loan with this increased maximum will be in September 2020. We will announce the exact cutoff date soon.

Temporary suspension of loan payments

You may suspend your obligation to make payments on your TSP loan or loans for 12 months, which will also extend the term of your loan by 12 months. This applies to existing loans and loans taken in the remainder of 2020. We will make a new form available for you to request this suspension. You have until December 31, 2020, to have your payments suspended.

CARES Act Withdrawal

You may make a one-time withdrawal of up to \$100,000 from a civilian or uniformed services account. For those still in federal service, the usual requirements that you be at least 59 ½ years old or certify that you meet specific financial hardship criteria are waived. Though you may request that we withhold money from your withdrawal for federal income tax, we will not automatically do that. This withdrawal will be eligible for the favorable tax treatment described here, with all of the same options and restrictions. The deadline for applying for this withdrawal will be in December 2020. We will announce the exact cutoff date soon.

[For all TSP updates, please click here.](#)

As you know, on March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

(P.L. 116-136). Section 2203 allows for:

- the suppression of Required Minimum Distributions (RMDs);
- the direct rollover of what otherwise would have been an RMD; and
- the waiver of the mandatory 20% withholding requirement for any portion of a distribution received in 2020 that would have been an RMD, but for Section 2203.

Section 2203 of the CARES Act, by temporarily waiving the RMD requirement for 2020, is intended to avoid forcing participants and beneficiaries to lock in stock market losses and to relieve participants of the income tax liability on 2020 RMDs.

The TSP will be implementing 2 of the 3 portions of the RMD provision: suppressing RMDs, and allowing direct rollover of any portion of a partial withdrawal that otherwise would have been an RMD, in 2020. The TSP will not be waiving the mandatory

withholding requirement for any portion of a distribution received in 2020 that would have been an RMD, but for Section 2203. The reason the TSP is not implementing the withholding portion is that it would have taken quite a while to program and it believes the two portions it is implementing provide significant relief to TSP participants.

[Link to RMD Plan News](#)

[RMD changes page](#)

[Link to Covid portal page](#)

Below are Q&As we received from the TSP addressing issues you may face during the pandemic. As always, more info can be found on the TSP website at www.tsp.gov.

Q: Will my payments get stopped/how do I stop my payments?

A: The temporary waiver of Required Minimum Distributions (RMDs) does not stop installment payments you have elected to take, even if you only chose to take them to meet your RMD. If you want to stop receiving payments, you must log in to My Account on tsp.gov and select Withdrawals and Changes to Installment Payments.

Q: If I took a distribution less than 60 days ago, will I be able to use the TSP-60 form to rollover that distribution back into TSP using a personal check?

A: Yes, you can use the TSP-60 form to rollover that distribution back into the TSP using a personal check.

Q: Can the TSP extend the 60 day requirement?

A: No, that authority belongs to the IRS. When a law similar to the CARES Act went into effect in 2009, the IRS created an extended period in which people could roll over

that money into an IRA or eligible employer plan. If the IRS does the same for the CARES Act, we will provide updates about it here.

Q: What does the TSP intend to do with the automatic RMD payments that were scheduled to occur either before the end of December 2020 (for separated participants who reached the age of 70 ½ before the end of 2019) or before the end of March 2021 (for participants whose first RMD year is 2020)?

A: We will not be making those payments, which are normally sent automatically before the deadline.

Note: The TSP has received inquiries from participants wanting to know why they can't/won't automatically stop their monthly payments, which they are calling RMDs. The problem with that is that the TSP has no way of knowing which participants are taking the monthly withdrawals simply to satisfy their RMDs and which participants use the monthly payments to pay their bills. Therefore, it is up to the participant to take action.