



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

5 CFR Part 1650

**Removal of 30-Calendar-Day Waiting Period Between
Withdrawals**

AGENCY: Federal Retirement Thrift Investment Board.

ACTION: Direct final rule.

SUMMARY: This direct final rule removes the Thrift Savings Plan (TSP)'s restriction on a participant's ability to request more than one withdrawal within a thirty-calendar-day period.

DATES: The effective date of this final rule is May 15, 2024 unless significant adverse comment is received by [INSERT DATE 30 DAYS AFTER PUBLICATION].

ADDRESSES: You may submit comments using one of the following methods:

- *Federal Rulemaking Portal:* <https://www.regulations.gov>. Follow the instructions for submitting comments.
- *Mail:* Office of General Counsel, Attn: Dharmesh Vashee, Federal Retirement Thrift Investment Board, 77 K Street, N.E., Suite 1000, Washington, D.C. 20002.

The most helpful comments explain the reason for any recommended change and include data, information, and the authority that supports the recommended change.

FOR FURTHER INFORMATION CONTACT: *For press inquiries:* contact Kim Weaver at (202) 942-1641. *For information about*

commenting on this rule: contact Elizabeth Harris at (202) 913-5300.

SUPPLEMENTARY INFORMATION:

The Federal Retirement Thrift Investment Board (FRTIB) administers the TSP, which was established by the Federal Employees' Retirement System Act of 1986 (FERSA), Public Law 99-335, 100 Stat. 514. The TSP is a tax-deferred retirement savings plan for Federal civilian employees and members of the uniformed services. The TSP is similar to cash or deferred arrangements established for private-sector employees under section 401(k) of the Internal Revenue Code (26 U.S.C. 401(k)).

Background

On November 17, 2017, the President signed the TSP Modernization Act of 2017 (the "Act"), Public Law 115-84 (131 Stat. 1272), which permitted the TSP to offer participants the ability to take withdrawals more frequently than they could under prior law. Accordingly, the FRTIB amended 5 CFR 1650 to allow participants to take up to four age-based withdrawals per calendar year and as many partial post-separation withdrawals as they desire – subject only to a 30-calendar-day waiting period between withdrawals. The waiting period was a practical necessity to avoid inadvertently processing duplicate withdrawal requests. Duplicate processing sometimes occurred, for example, when a participant faxed a withdrawal request form

to the TSP and then immediately mailed the same withdrawal request form to the TSP. Our prior recordkeeping system was designed to reject withdrawal request forms that were received within 30 days of the date on which another withdrawal request form was processed. The 30-calendar-day waiting period ensured that, when multiple copies of a single withdrawal request form were received by the TSP recordkeeper, the withdrawal was only processed once.

The TSP transitioned to a new recordkeeping system in June of 2022. In conjunction with the transition, the TSP moved to electronic processing of withdrawal requests and no longer relies primarily on paper-based processes. The 30-calendar-day waiting period is an obsolete requirement implemented to facilitate a primarily paper-based process no longer in use by the Thrift Savings Plan (TSP). Today, participants can complete most withdrawal requests entirely online instead of using paper forms. Accordingly, this direct final rule will remove the 30-calendar-day waiting period.

Direct Final Rulemaking

A direct final rule is a final rule that does not go through proposed rulemaking first. We use direct final rulemaking when we expect that the rule will generate no significant adverse comments. We are issuing a direct final rule because we expect this regulatory change to be entirely non-controversial. However, to be certain that we

are correct, we set the comment period to end before the effective date. If we receive a significant adverse comment, we will withdraw the direct final rule before it becomes effective.

For purposes of this rulemaking, a significant adverse comment is one that explains (1) why the rule is inappropriate, including challenges to the rule's underlying premise or approach; or (2) why the rule will be ineffective or unacceptable without a change. In determining whether a significant adverse comment necessitates withdrawal of this direct final rule, the FRTIB will consider whether the comment raises an issue serious enough to warrant a substantive response had it been submitted in a standard notice-and-comment process. A comment recommending an addition to the rule will not be considered significant and adverse unless the comment explains how this direct final rule would be ineffective or unacceptable without the addition.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation will affect Federal employees and members of the uniformed services who participate in the Thrift Savings Plan, which is a Federal defined contribution retirement savings plan created under the Federal Employees' Retirement System Act of 1986

(FERSA), Public Law 99-335, 100 Stat. 514, and which is administered by the FRTIB.

Paperwork Reduction Act

I certify that these regulations do not require additional reporting under the criteria of the Paperwork Reduction Act.

Unfunded Mandates Reform Act of 1995

Pursuant to the Unfunded Mandates Reform Act of 1995, 2 U.S.C. 602, 632, 653, 1501-1571, the effects of this regulation on state, local, and tribal governments and the private sector have been assessed. This regulation will not compel the expenditure in any one year of \$100 million or more by state, local, and tribal governments, in the aggregate, or by the private sector. Therefore, a statement under section 1532 is not required.

Submission to Congress and the General Accounting Office

Pursuant to 5 U.S.C. 810(a)(1)(A), the FRTIB submitted a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States before publication of this rule in the Federal Register. This rule is not a major rule as defined at 5 U.S.C. 804(2).

List of Subjects in 5 CFR Part 1650

Alimony, Claims, Government employees, Pensions, Retirement.

Ravindra Deo,
Executive Director, Federal Retirement Thrift Investment
Board.

For the reasons stated in the preamble, the FRTIB
amends 5 CFR Part 1650 as follows:

**PART 1650- METHODS OF WITHDRAWING FUNDS FROM THE THRIFT
SAVINGS PLAN**

1. The authority citation for Part 1650 continues to
read as follows:

Authority: 5 U.S.C. 8351, 8432d, 8433, 8434, 8435,
8474(b) (5) and 8474(c) (1).

§ 1650.11 [Amended]

2. Amend § 1650.11 by removing paragraph (d).

3. Amend § 1650.31 by revising paragraph (c) to read
as follows:

§ 1650.31 Age-based withdrawals.

(c) A participant is permitted four age-based withdrawals
per calendar year for an account.

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