



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

5 CFR Part 1655

**Procedures for Applying Payments to Principal and Interest Upon Loan
Reamortization**

AGENCY: Federal Retirement Thrift Investment Board.

ACTION: Proposed rule.

SUMMARY: The Federal Retirement Thrift Investment Board (FRTIB) proposes to amend a loan reamortization rule that requires payment of all accrued interest prior to allowing payments on the principal and current interest. Under the proposed rule, the Thrift Savings Plan (TSP) record keeper would combine the accrued interest with the outstanding principal when reamortizing a loan.

DATES: Comments must be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

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

- Federal eRulemaking 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 NE, Suite 1000, Washington, DC 20002.

Comments will be made available to the public online at <https://www.regulations.gov>. Do not include any personally identifiable or confidential information that you do not want publicly disclosed. Anonymous comments are acceptable.

FOR FURTHER INFORMATION CONTACT: *For press inquiries:* Jim Kaplan at (202) 864-7150.

For information about how to comment on this proposed rule: Laurissa Stokes at (202) 308-7707.

SUPPLEMENTARY INFORMATION: The 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)). The provisions of FERSA that govern the TSP are codified, as amended, largely at 5 U.S.C. 8351 and 8401-79.

Section 1655.16 of the Code of Federal Regulations requires the TSP record keeper to follow specific procedures when a TSP loan is reamortized. Currently, under § 1655.16(b), the outstanding principal balance of a participant's loan remains the same upon reamortization, and any accrued interest is paid off first before payments are applied to principal and current interest.

The FRTIB proposes to update this regulation to require the TSP record keeper to combine the accrued interest with the outstanding principal when reamortizing a loan. This proposed rule aligns the TSP's procedures with the procedures that the TSP record keeper uses for processing reamortized loan repayments of individuals who participate in the private sector plans that the TSP record keeper also services.

Regulatory Flexibility Act: This proposed regulation will not have a significant economic impact on a substantial number of small entities. This regulation will affect Federal employees, members of the uniformed services who participate in the TSP and who take out a loan from their TSP account and later have their loan reamortized.

Paperwork Reduction Act: This proposed regulation does 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, and 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 2 U.S.C. 1532 is not required.

List of Subjects in 5 CFR Part 1655

Government employees, Pensions, Retirement, Loan programs.

Ravindra Deo,

Executive Director,

Federal Retirement Thrift Investment Board.

The FRTIB proposes to amend 5 CFR part 1655 as follows:

PART 1655-LOAN PROGRAM

1. The authority citation for part 1655 continues to read as follows:

Authority: 5 U.S.C. 8432d, 8433(g), 8439(a)(3) and 8474.

2. Amend § 1655.16 by revising paragraph (b) to read as follows:

§ 1655.16 Reamortization.

(b) Upon reamortization, the new principal balance of the loan will equal the outstanding principal on the date of reamortization, plus any accrued interest.

[FR Doc. 2025-06684 Filed: 4/17/2025 8:45 am; Publication Date: 4/18/2025]