



High-salaried FERS employees have the potential to reach the TSP Annual Contribution limit during the calendar year. It is important to keep the annual contribution limit in mind when deciding how much to contribute to your TSP account each pay period. If you reach the annual maximum too quickly, you could lose the opportunity to receive some Agency Matching Contributions because you only receive Agency Matching Contributions on the first 5 percent of your basic pay that you contribute **each pay period**. If you reach the annual limit before the end of the year, your contributions (and consequently your Agency Matching Contributions) will stop. The amount you could lose in Agency Matching Contributions would, in all likelihood, be far greater than the value of the added earnings you might receive by making Employee Contributions sooner.

### WHAT IS THE TSP ANNUAL LIMIT ON ELECTIVE DEFERRALS FOR 2005?

For Tax Year 2005, the Internal Revenue Service has announced that the annual limit on elective deferrals will be \$14,000. (For 2004, the elective deferral limit was \$13,000.) In 2006 it will be \$15,000. After 2006, the increase will be indexed to the annual cost-of-living adjustment referred to in the Tax Code.

For purposes of TSP, the term "elective deferrals" refers to employee contributions, which are made on a tax-deferred basis.

For more information, please review the TSP Fact Sheet "Annual Limit on Elective Deferrals" at <http://www.tsp.gov/forms/ocfs91-13.pdf>. The Fact Sheet includes a worksheet that you can use to determine the amount that you must contribute each pay period to receive the maximum amount of FERS Agency Matching Contributions. The TSP also has a calculator that can be used to assist in determining your contribution for the 2005 tax year: <http://www.tsp.gov/calc/contributions/index.html>.

If you want to change the amount you contribute to TSP each pay period, you must make the change during a TSP open season. The dates for the TSP open seasons are 15 April – 30 June and 15 October – 31 December of each year. **For the current open season, you may wish to wait until on or after 26 December to make an election to increase contributions so the amount will come out of your 2005 tax-year dollars, and you do not exceed the elective deferral limit of \$13,000 for 2004.**

Additional information about TSP is available at the TSP web site at <http://www.tsp.gov>.

### WHO DO YOU CONTACT FOR ADDITIONAL INFORMATION?

If you have any questions regarding this notice or any benefits matter, please call The Benefits Line at 1-888-320-2917. Select option 4 to speak to a Customer Service Representative (CSR). CSRs are available 7:30 a.m. to 7:30 p.m., Monday through Friday (Eastern Time). Hearing impaired employees should call the TTY line for their servicing Human Resources Service Center (HRSC).

Overseas employees who have access to DSN service can connect to The Benefits Line by dialing the DSN number to Randolph AFB (RAFB), 487-1110. Once the RAFB operator answers please indicate that you want to make an "official off net call." The employee must provide The Benefits Line number, 888-320-2917.