

VOLUME 7A, CHAPTER 51: “SAVINGS PROGRAMS”**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated **May 2019** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
510102	Updated the “Authoritative Guidance” paragraph to comply with current administrative instructions.	Revision
510202.D	Added the definition for “Missing Status.”	Addition
510309.B.1.d	Added information to identify and remove excess or erroneous contributions for each pay date.	Addition
510404.A	Updated information regarding default contributions between January 1, 2018 and September 30, 2020.	Revision
510404.B	Added paragraph concerning default contributions on or after October 1, 2020 and renumbered subsequent paragraphs accordingly.	Addition
510404.D.1 510409.A	Added the increase to the re-enrollment contribution rate of 5 percent effective October 1, 2020.	Addition
References	Updated to reflect current statutes and policy memos.	Revision

Table of Contents

5101	GENERAL	4
	510101. Purpose	4
	*510102. Authoritative Guidance	4
5102	SDP.....	4
	510201. Eligibility.....	4
	*510202. Definitions.....	5
	510203. Allotments	5
	510204. Member in a Missing Status.....	5
	510205. Deposits.....	6
	510206. Interest.....	7
	510207. Computation.....	8
	510208. Payment of Interest Upon Final Settlement of Deposit Account.....	9
	510209. Withdrawal of Deposits - Emergency	10
	510210. Withdrawal of Deposits - Members in a Missing Status.....	10
	510211. Discharge While Eligible to Make Deposits	10
	510212. Accounts Which Have Reached \$10,000.....	10
	510213. Automatic Refund	10
	510214. Application to Indebtedness or Forfeiture.....	11
	510215. Liability of Disbursing Officers	11
5103	TSP GUIDELINES	11
	510301. Contributions.....	11
	510302. Contribution Limits.....	12
	510303. TSP Funds	12
	510304. Default Traditional Individual Contributions.....	13
	510305. Roth TSP	13
	510306. TSP Loan Program.....	14
	510307. Catch-Up Contributions	14
	510308. Make-Up Contributions	14
	*510309. Breakage (Lost TSP Earnings) Due to Agency Error	15
	510310. Member Transfers	16
5104.	TSP FOR BRS MEMBERS	17
	510401. Eligibility.....	17
	510402. Participation and Initial TSP Contribution.....	17
	510403. BRS Opt-In Member Individual TSP Contribution	17
	*510404. Auto-Enrolled BRS Member Individual TSP Contribution.....	18
	510405. Agency Contributions for Auto-Enrolled BRS Members.....	19
	510406. Agency Contributions for BRS Opt-In Members	20
	510407. Vesting of Individual TSP Contributions.....	20
	510408. Vesting of Agency Contributions.....	20

Table of Contents (Continued)

*510409. Carry-Over of Individual TSP Elections for All BRS Members 21

510410. TSP Elections for Transitioning Reserve Component (RC) Members 21

510411. BRS Erroneous Enrollment and TSP 22

510412. Hardship Extension of Enrollment Periods and TSP 22

5105. TSP FOR MEMBERS NOT UNDER BRS 22

 510501. Participation 22

 510502. Start Date..... 22

Figure 51-1. Pay Entitlements Available For TSP Contributions 23

Table 51-1. Savings Deposits, Special Determinations on Accrual of Interest..... 25

Table 51-2. Savings Deposits, Conditions under Which Deposits, Plus Interest Are Repaid.. 27

Table 51-3. Automatic and Matching Contributions..... 28

*REFERENCES 29

CHAPTER 51

SAVINGS PROGRAMS

5101 GENERAL

510101. Purpose

The chapter provides policy for the Savings Deposit Program (SDP) and the Thrift Savings Plan (TSP) to include TSP under the Blended Retirement System (BRS).

*510102. Authoritative Guidance

The pay policies and requirements established by DoD in this chapter are derived primarily from, and prepared in accordance with the United States Code (U.S.C.). Due to the subject matter in this chapter, the list of authoritative sources is extensive. The specific statutes, regulations, and other applicable guidance that govern each individual section are listed in a reference section at the end of the chapter.

5102 SDP

As prescribed by the Secretaries concerned, a member of the Armed Forces, who is serving in a designated SDP area outside the United States, its possessions, or the Commonwealth of Puerto Rico, may deposit during that tour of duty, not more than the member's un-allotted current pay and allowances in amounts of \$5 or more, with any branch, office, disbursing officer, finance officer, or any other designated officer of the Armed Forces. Amounts so deposited will be deposited in the Treasury and kept as a separate fund, and must be accounted for in the same manner as public funds. [See the definitions for SDP area in subparagraph 510202.B.](#)

510201. Eligibility

A. Effective May 1, 2016, any member, serving in an assignment outside of the United States, its possessions, or the Commonwealth of Puerto Rico for at least 30 consecutive days or 1 day for each 3 consecutive months is eligible to participate in SDP if serving:

1. In a Combat Zone (CZ); or
2. While qualified to receive hostile fire or imminent danger pay while

in a:

- a. Qualified Hazardous Duty Area (QHDA); or
- b. Designated direct support area of a CZ.

B. Members already contributing to the SDP on May 1, 2016, will be allowed to continue to contribute to the SDP until they depart from the member's SDP-eligible assignment.

NOTE: See Chapter 44 for designated direct support areas of a CZ, designated CZs, and QHDAs. For the most current listings, see [designated direct support areas of a CZ](#), [designated CZs](#), and [QHDAs](#) on the Defense Finance and Accounting Service (DFAS) website.

*510202. Definitions

A. Designated Duty Assignment. A designated duty assignment is a permanent duty or temporary additional duty/temporary duty (TAD/TDY) assignment in an SDP area.

B. SDP area. An SDP area is an area outside the United States, its possessions, or the Commonwealth of Puerto Rico, in a CZ or an area in which members are entitled to receive hostile fire or imminent danger pay while serving in a QHDA or in a designated direct support area of a CZ.

C. Un-allotted Current Pay and Allowances. The amount of money a member is entitled to receive on the payday immediately before the date of deposit, less authorized deductions and allotments (e.g., for dependents or insurance). Pay and allowances include special continuation pay, reenlistment bonus, travel allowance on discharge, or pay and allowances for unused accrued leave. Advance pay and travel allowance for permanent change of station and TAD or TDY travel may not be deposited.

D. Missing Status. Includes missing, missing in action, interned in a foreign country, captured, beleaguered, besieged by a hostile force, or detained in a foreign country against a member's will.

510203. Allotments

Active duty officers and enlisted members may make deposits into the SDP by allotment. Such allotment must be processed in accordance with the procedural instructions of the Military Service concerned. However, the restrictions of this chapter are applicable when starting this type of allotment.

510204. Member in a Missing Status

For a member who is in a missing status (see [paragraph 510202](#)), the Secretary of the Military Department concerned may, in the interest of a member or the member's dependents, initiate, stop, modify, and change allotments for deposit of unpaid pay and allowances accruing in a missing member's pay account, and authorize withdrawal of deposits made under the SDP, even though the member had an opportunity to make deposits and elected not to do so. Interest may be computed from the day the member entered into a missing status, or January 1, 1991, whichever is later. The \$10,000 limitation on the amount that interest is payable does not apply to the deposit account of a member in a missing status.

Example 1. A member entered into a missing status on February 1, 2012. Unpaid pay and allowances have been accruing in the member's pay account at the rate of

\$100 per month since that date. An account was opened for the member on May 1, 2012, with an initial deposit of \$300 (February, March, and April). The member's account was credited with \$100 per month on June 1, 2012, and the first day of each month thereafter while he remains in a missing status, or until modified, stopped, or repaid at the direction of the Secretary of the Military Department concerned. Interest accrued from February 1, 2012.

Example 2. A member entered into a missing status on February 18, 2012. The amount of unpaid pay and allowance due to the member on the payday following February 18, 2012, determined the amount of the initial deposit. The member's account was opened on March 1, 2012, with the initial deposit, and the member's account was credited with the member's un-allotted pay and allowances monthly on the first day of each month thereafter as prescribed in example 1. Interest accrued from February 18, 2012.

510205. Deposits

A. Amounts. Amounts up to \$10,000 may be deposited with interest accrual at the rate of 10 percent per annum.

1. The maximum amount on which 10 percent interest is computed is \$10,000 (principal and accrued interest combined). Deposits may not be more than the amount defined as un-allotted current pay and allowances in subparagraph 510202.C. When, however, the member can establish to the satisfaction of the commanding officer that the member was unable to make a deposit in the normal manner, un-allotted pay in excess of current pay and allowances may be deposited.

2. Members may not accumulate back pay prior to departing for a designated duty assignment in an SDP area in order to deposit the back pay once the member becomes eligible for the SDP.

3. After a member has served in a covered SDP area for at least 30 consecutive days or at least 1 day for each 3 consecutive months, the member is qualified to begin making deposits, see subparagraph 510202.C. The initial deposit is limited to the amount earned beginning with the first day after the 30 consecutive days of arrival in a covered SDP.

Example 1. A member arrives in Pakistan (a designated direct support area as defined in Chapter 44, Figure 44-1 and an Imminent Danger Pay (IDP) location as defined in Chapter 10, Figure 10-1) on April 1, 2018. The member is authorized to make an initial deposit on June 1, 2018, for the amount accrued beginning May 1, 2018. The member may make additional deposits until departure from Pakistan.

Example 2. A member arrives in Albania (a designated CZ area as defined in Chapter 44, Figure 44-2) on June 19, 2018. The member is authorized to make an

initial deposit on August 1, 2018, for the amount accrued beginning July 19, 2018. The member may make additional deposits until departure from Albania.

Example 3. A member is TDY to the Sinai Peninsula of Egypt (a QHDA as defined in Chapter 44, Figure 44-3 and an IDP location as defined in Chapter 10, Figure 10-1) on April 17, May 2, and June 19, 2018. The member is authorized to make their initial deposit on August 1, 2018 for the amount accrued in the Sinai Peninsula of Egypt beginning June 20, 2018.

4. Members who are paid twice monthly may combine pay accrued at midmonth and pay accrued at end-of-month, or combine end-of-month pay with pay accrued on the following midmonth payday for a single deposit, provided the total amount deposited in a one month period does not exceed the amount they are entitled to be paid for **one** month.

B. Power of Attorney. An agent with a power of attorney from the member may make deposits, either by allotment or by cash, into the SDP on behalf of the member, if the power of attorney states the authority to establish, change, or stop allotments. When accepting a cash deposit from the agent on the member's behalf, the disbursing officer must ensure that the amount deposited does not exceed the member's un-allotted pay and allowances for the period involved.

510206. Interest

A. Accrual of Interest. See Table 51-1.

B. Conditions Under Which Deposits, Plus Interest, Are Repaid.
See Table 51-2.

C. Computation of Interest. Deposits made on or before the 10th of the month accrue interest from the 1st of the month. Deposits made after the 10th of the month accrue interest from the first day of the following month. The effective date of deposit is the date the deposit is made to the disbursing officer, finance officer, or any other designated officer of the Uniformed Service. Compute interest at the rate of 10 percent per annum, compounded quarterly, according to the calendar quarter. Compute the quarterly interest on the average quarterly balance on deposit. Ten percent is compounded quarterly on amounts less than \$10,000. Once \$10,000 is on deposit, simple interest will be computed on the \$10,000. No interest is paid on amounts exceeding \$10,000, except on amounts for a member who is in a missing status **using simple interest.**

D. Taxability of Interest Paid. Interest paid on the amounts deposited into the SDP is taxable.

510207. Computation

A. Computing Average Quarterly Balance

1. If there were no emergency withdrawals during the quarter, determine the average quarterly balance by adding amounts on deposit on the 10th day of each month of the quarter, and divide the total by three.

Example 1.		Amount	On
<u>Date</u>	<u>Deposits</u>	<u>Deposits</u>	<u>Day of</u>
Jan 5	\$20.00	\$20.00	Jan
Feb 3	20.00	40.00	Feb
Feb 20	20.00		
Mar 10	20.00	<u>80.00</u>	Mar
		\$140.00	

\$140.00 divided by 3 = \$46.67 average quarterly balance.

Example 2.		Amount	On
<u>Date</u>	<u>Deposits</u>	<u>Deposit</u>	<u>Day of</u>
Jan 1	\$0.00	\$ 0.00	Jan
Feb 3	20.00	20.00	Feb
Feb 20	20.00		
Mar 3	20.00	<u>60.00</u>	Mar
		\$80.00	

\$80.00 divided by 3 = \$26.67 average quarterly balance.

2. Emergency withdrawals at any time during a quarter reduce the average quarterly balance on which interest accrues.

Example.		With-	Amount	On
<u>Date</u>	<u>Deposits</u>	<u>drawals</u>	<u>Deposit</u>	<u>10th</u>
Apr 1	\$147.12	\$0.00		(BAL FWD)
Apr 3	20.00		\$167.12	Apr
			167.12	May
May 15	10.00		--	
Jun 4	30.00		--	Jun
Jun 15		\$80.00	<u>127.12</u>	
			\$461.36	

\$461.00 divided by 3 = \$153.79 average quarterly balance.

3. The maximum amount upon which 10 percent interest is payable is \$10,000 (principal and accrued interest combined), except for amounts on deposit in the case of a member who is in a missing status. See paragraph 510204.

Example.	<u>Date</u>	<u>Quarterly Interest</u>	<u>Amount on Deposit</u>
	Jan 10	-0-	\$10,000.00
	Apr 1	250.00	10,250.00
	July 1	250.00	10,500.00

B. Computation of Interest at 10 Percent Rate

Repay deposits, plus interest, under the conditions shown in Table 51-1. Compute interest at the rate of:

- 1 Month-1/12 of 10 percent or .00833
- 2 Months-2/12 of 10 percent or .01666
- 3 Months-(Full Quarter) 3/12 of 10 percent or .025

Example 1. Member's Request. A member has \$355 on deposit (principal plus compounded interest as of June 30, 2009). The member requested repayment of the SDP deposit on August 12, 2009. The member was repaid the \$355 deposit plus interest of \$5.92 for the months of July and August (.01666... x \$355) or \$360.92.

Example 2. Member Discharged. A member has \$355 on deposit (principal plus compounded interest as of June 30, 2009). The member was discharged overseas for the member's convenience on July 15, 2009. The member was repaid the \$355 deposit plus interest of \$2.96 for the month of July (.00833... x \$355) or \$357.96, assuming full repayment was in effect in the month of July.

Example 3. Member Dies. On March 8, 2009, the member had on deposit the maximum amount of \$10,000 (principal plus simple interest) and made no new deposits. On November 15, 2009, while assigned in the Operation Enduring Freedom area the member dies, and settlement of unpaid pay and allowances was made to member's heir(s) on December 15, 2009. The amount of deposit repaid was \$10,000 plus simple interest of \$833.33 for period March 1 through December 31, 2009 (.00833... x 10), or \$10,833.33.

510208. Payment of Interest Upon Final Settlement of Deposit Account

A. Except when the 90-day limitation discussed in paragraph 510213 applies, interest will stop at the end of the month in which full repayment is made to the member or member's heirs.

B. In no case will interest accrue for a period longer than 90 days (computed on a day-for-day basis of actual elapsed time) after the member's eligibility to make deposits

terminates. Should the 90-day limitation period end on any day other than the last day of the month, interest will accrue through the last day of the preceding month. If the 90-day limitation period ends on the last day of the month, interest accrues for that month. In determining when the 90-day limitation period terminates, the last day of the month is February 28 (February 29 in leap year), the 30th of a 30-day month, or the 31st day of a 31-day month.

Example. Ninety-Day Rule. A member has \$355 on deposit (principal plus compounded interest as of June 30, 2009). The member requested repayment of the deposit on October 15, 2009. The member was repaid \$355 plus interest of \$8.88 for the months of July, August, and September (.025 x \$355) or \$363.88. Interest for October 1-15, 1991, was not allowed since the 90-day limitation period ended on October 12, 2009 (a day other than the last day of the month).

510209. Withdrawal of Deposits - Emergency

Withdrawals may be made in an emergency only when the health or welfare of a member or the member's dependent(s) would be jeopardized if the withdrawal was not granted. Emergency withdrawals may be authorized by the member's commanding officer.

510210. Withdrawal of Deposits - Members in a Missing Status

Withdrawals may be made when directed by the Secretary of the Military Department concerned when deemed in the best interest of the member, the member's dependent(s), or the U.S. Government.

510211. Discharge While Eligible to Make Deposits

Members eligible to make deposits, who are discharged in order to immediately reenlist or extend their enlistments, or are discharged to accept a commission, may not withdraw their deposits.

510212. Accounts Which Have Reached \$10,000

In situations where the member's principal and interest on deposit reaches \$10,000, any amounts representing interest accruing in the account subsequent to that time which causes the \$10,000 total to be exceeded, may be withdrawn quarterly at the member's request.

510213. Automatic Refund

Accounts will accrue interest no more than 90 days after a member leaves an SDP area. Members should withdraw all funds after the 90-day period. If no withdrawal is made within 120 days after the qualifying duty terminates, DFAS will automatically transfer the funds to the military pay account of the SDP account owner.

510214. Application to Indebtedness or Forfeiture

Savings deposits and accrued interest are exempt from collection for members' debts, including debts owed to the U.S. Government or its agencies, except for levies issued by the Internal Revenue Service (IRS). Deposits are not subject to forfeiture by sentence of a court-martial and are not forfeited by desertion.

510215. Liability of Disbursing Officers

A disbursing officer who fails to process a deposit properly into the Savings Deposit Fund account is liable for the amount of the deposit, plus interest, from the effective date of the deposit to date of withdrawal or repayment.

5103 TSP GUIDELINES

TSP is a Government-sponsored retirement savings and investment plan operated by the Federal Retirement Thrift Investment Board (FRTIB). Members of the Uniformed Services participating in TSP will be governed by statutes and regulations applicable to TSP as set forth by the FRTIB and the IRS. Specific TSP rules for BRS members are discussed in section 5104. Specific TSP rules for members not under BRS are discussed in section 5105. The TSP guidelines under this section apply to both BRS members and members not under BRS.

510301. Contributions

A. A member may make traditional or Roth TSP contributions. Traditional TSP offers tax deferral advantages similar to those offered to employees by private corporations under 401(k) plans. The Roth TSP option offers a member the option of making after-tax contributions.

B. All TSP contributions, traditional or Roth, must be made through payroll deduction.

C. A member may choose to stop contributing to TSP at any time. Any change is effective at the end of the pay period in which that election is accepted by the member's servicing activity. If basic pay contributions are terminated, TSP deductions for bonuses, incentive pays, or special pays will also be terminated with the same effective date.

D. A member may choose the percentage of basic pay to contribute. A member's contribution election may be limited by the priority of pay deductions set forth in Chapter 52.

E. In order for a member to contribute bonuses, incentive pays, or special pays to TSP, the member must also be contributing a minimum of 1 percent of the member's basic pay or inactive duty pay. See Figure 51-1.

510302. Contribution Limits

A. Annual Elective Deferral Contribution Limit. Total annual elective deferral contributions, for both Roth and traditional TSPs may not exceed the annual limits set forth by the IRS in accordance with [26 U.S.C. § 402\(g\)](#). The annual limits are available on the [TSP](#) website.

B. TSP Contributions in a CZ Tax Exclusion (CZTE) Area

1. Roth Contributions. Roth contributions to the TSP are limited to the annual elective contribution deferral limit even if the member is contributing from pay earned in a CZTE Area. See TSP website for annual limits.

2. Traditional Contributions. A member serving in a CZTE area who reaches the annual elective deferral contribution limit may still elect to make traditional contributions from their tax-exempt pay to their TSP fund, which will count against the annual additions limit for the tax year.

3. Annual Additions CZ Limit. Total contributions, including agency (1 percent) contributions, agency matching contributions and individual contributions, for members serving in a CZ may not exceed the annual addition limit set forth by the IRS pursuant to [26 U.S.C. § 415\(g\)](#). See TSP website for annual limits.

4. Agency Automatic (1 percent) Contributions and Agency Matching Contributions (BRS Participants Only). Agency automatic (1 percent) contributions and agency matching contributions do not count against the annual elective deferral contribution limit, but both agency automatic (1 percent) and agency matching contributions count against the annual additions limit. A member not serving in a CZ who has met the total annual individual elective deferral contribution limit will continue to receive agency automatic (1 percent) contributions. For a member serving in a CZ, all contributions must stop when the total amount of individual and agency contributions reaches the annual additions limit.

510303. TSP Funds

A. Choice of TSP Funds. A member may indicate his or her choice of TSP Funds for the investment of deposits to TSP by making a contribution allocation among the TSP Funds at any time. A BRS Opt-In Member may maintain his or her previous contribution allocation to TSP Funds, but the BRS Opt-In Member is ultimately responsible for ensuring TSP contributions are being properly allocated under BRS.

B. Default Allocation1. BRS Members

a. New Accessions. All newly enrolled Uniformed Services TSP members first enrolled in the TSP on or after January 1, 2018, and covered by BRS will have

their TSP contributions invested in an age-appropriate Lifecycle Fund (L Fund) until they make a contribution allocation with the TSP.

b. BRS Opt-In Members. Members who were enrolled in the TSP prior to January 1, 2018 and who do not have a contribution allocation in effect at the time of the election, will have all deposits made after the date of such election invested in the age-appropriate TSP Lifecycle Fund. Deposits made prior to the date of the election will retain their previous contribution allocations.

c. BRS Members Who Reenter Service On or After January 1, 2018. A BRS Member who reenters service on or after January 1, 2018, who:

1. Has \$0.00 balances in their TSP accounts from their previous period of service, will have their TSP contributions invested in an age-appropriate L Fund;

2. Has an existing TSP account with a balance greater than \$0.00, will retain the last contribution allocation on file with the TSP; or

3. Has no contribution allocation on file, and who reenters service with a positive account balance will have their future TSP contributions invested in an age-appropriate L Fund.

2. TSP for Members Not Under BRS. If the member does not opt into BRS or was not auto-enrolled in BRS, the default investment fund will remain the Government Securities Fund (G Fund).

NOTE: Members may change the member's investment elections by contacting TSP.

510304. Default Traditional Individual Contributions

A member's individual contributions to TSP are treated by default as traditional tax-deferred contributions. A member may elect to designate all or part of his or her individual contributions as Roth. Agency automatic (1 percent) contributions and agency matching contributions are always tax-deferred traditional contributions.

510305. Roth TSP

Members may elect to contribute to a Roth TSP account instead of, or in addition to, a traditional TSP account. Any member eligible to contribute to a traditional TSP account may also contribute to a Roth TSP account. However, traditional TSP contributions will be deducted before Roth TSP if there is a conflict in regard to which contribution has priority.

A. Payroll Deductions. Roth TSP contributions are taken after-tax. However, members serving in a CZ, or in direct support of a CZ, may contribute tax-exempt pay to the member's Roth TSP account. In the same manner as with the traditional TSP account, payroll

deductions will begin the first full pay period after the service accepts the Thrift Savings Plan Election form ([TSP-U-1](#)). Roth TSP contributions must be made through payroll deductions. Lump-sum contributions for bonuses, incentive pays, or special pays are permitted only through payroll deductions.

B. Maximum Contribution Limits. The same maximum contribution limits that apply to traditional TSP also apply to Roth TSP. If a member elects to contribute to both traditional TSP and Roth TSP, the maximum contribution limits apply to the combined accounts, not to each account separately. See the [TSP](#) website for contribution limits.

510306. TSP Loan Program

A member may apply for a TSP loan or hardship withdrawal in accordance with TSP regulations and guidance. Information on loans and hardship withdrawals may be found on the [TSP](#) website.

510307. Catch-Up Contributions

A. General. A TSP participant age 50 years or older may make catch-up contributions to both Roth and traditional TSP accounts. Contributions must be made from basic pay. The amount of the catch-up cannot exceed the annual limit established by the IRS. A member must self-certify on the Thrift Savings Plan Catch-Up Contribution Election Form ([TSP-U-1-C](#)) that the member expects to contribute the annual IRS limit to the TSP or other eligible employer plans. If a member elects to contribute catch-up contributions to both Roth TSP and traditional TSP, the maximum catch-up contribution limits apply to the combined accounts, not to each account separately. See the TSP website for the IRS catch-up contribution limits.

B. Catch-up Contributions and CZTE. Members may not make traditional catch-up contributions from pay subject to CZTE. However, members may make Roth catch-up contributions from pay subject to CZTE.

510308. Make-Up Contributions

Make-up contributions are individual contributions that should have been deducted from a member's basic pay, inactive duty pay, bonuses, incentive pays, or special pays; or agency contributions that should have been charged to the agency on an earlier date, but were not deducted or charged and, consequently, are being deducted or charged currently.

A. Make-up Contributions and CZTE. If, while the member was in a CZTE area, contributions were not deducted that should have been deducted, the member may be able to make up those contributions in accordance with FRTIB regulations. If make-up contributions are made when the member is no longer subject to the CZTE, the contributions will be tax-deferred, but not tax-free. No CZTE tax-free contributions may be made from taxable pay.

B. Payroll Deductions. Make-up contributions from basic pay, bonuses, incentive pays, or special pays are permitted only through payroll deductions.

*510309. Breakage (Lost TSP Earnings) Due to Agency Error

A. Detailed Information on Breakage. Breakage is the loss incurred or the gain realized on makeup or late contributions. It is the difference between the value of the shares of the applicable investment fund(s) that would have been purchased had the contribution been made on the “as of” date and the value of the shares of the same investment fund(s) on the date the contribution is posted to the account. For detailed information concerning the breakage, refer to TSP regulations in [Title 5, Code of Federal Regulations, part 1605 \(5 CFR 1605\)](#) or TSP Bulletins. TSP bulletins are available on the [TSP Agency/Service Representatives](#) page on the TSP website.

B. Conditions. If a member receives earnings from which member contributions should have been deducted, but as a result of agency error, all or any part of those deductions were not made, even if the member makes up those member contributions, the belated member contributions will not require payment of breakage, except under the following circumstances.

1. Delayed or Erroneous Contributions When Member Received Earnings

a. If a member receives earnings, but as a result of an agency error all or any part of the agency matching contribution associated with the earnings are not timely received by the TSP record keeper, the agency belated contributions will be subject to breakage.

b. If a member receives earnings where contributions were properly deducted but, as a result of an agency error, all or any part of the associated agency matching contributions were not timely received by the TSP record keeper, the belated contributions will be subject to breakage.

c. If a member receives earnings where contributions were properly deducted but, as a result of an agency error all or any part of those member contributions were not timely received by the TSP record keeper, the belated contributions will be subject to breakage.

d. Generally, an agency must submit a negative adjustment record to TSP in order to identify and remove excess or erroneous contributions for each pay date. TSP will credit the agency with the actual value of the adjusted contribution. The agency must return the original amount of the employee contribution to the participant if applicable. Any positive earnings on employee contributions remain in the participant’s account. Positive earnings on agency contributions are forfeited to TSP. Excess or erroneous contributions submitted to TSP before January 1, 2000, may not be returned and remain in the participant’s account. See 5 CFR 1605.12.

2. Agency Delay in Basic Pay, Special Pay, Incentive Pay, and Bonus. Where, as the result of an agency error, a member does not timely receive all or any part of pay to

which entitled, all such belated member contributions and agency matching contributions will be subject to breakage.

3. Late Payroll Submissions. All contributions contained in a payroll submission received by the TSP record keeper more than one pay period after the pay date associated with that payroll submission will be subject to breakage.

4. Loan Allotments. Loan allotments deducted from the member's pay but not timely received by the TSP record keeper due to agency error will be subject to breakage.

C. Minimum Dollar Amount. Breakage on loan allotments and late contributions will be calculated by the TSP system only for those contributions and loan allotments that are \$1 or more.

D. Agency Responsibility. The employing agency that caused the error, or late or erroneous investment of money in the TSP is responsible for payment of any breakage resulting from that error. The paying office that submitted payment records or loan allotments that are subject to breakage is also responsible for submitting the appropriate payment records relating to those submissions. The amount of breakage that is calculated will be charged to the TSP Deposit Fund Account of the submitting paying office. Where another employing agency caused the late or erroneous submission by the submitting paying office, the paying office that was charged for the amount of breakage calculated should seek reimbursement from the other employing agency.

E. Member Election. Agency error does not result when TSP contributions are made pursuant to a member's election, but the member then subsequently elects not to continue/start contributions.

510310. Member Transfers

A. When members transfer between components or branches of the Uniformed Services, the member's TSP contributions may be continued. The member must notify the member's gaining servicing organization of his or her existing TSP contribution election in order to continue TSP contributions and/or loan repayments without interruption.

B. If a member separates from the service and rejoins after a break in service of 31 days or more, the member may sign up immediately to contribute to TSP.

C. If a member separates from the service and rejoins after a break in service of less than 31 days, and the member had been contributing to TSP, contributions to TSP will resume the first pay period after rejoining the service.

D. A member of the Uniformed Service who is also a federal civilian employee may contribute under both programs to the TSP. The annual contribution limitations in subparagraph 510301.F apply to the combined accounts and not to each account separately.

5104. TSP FOR BRS MEMBERS

510401. Eligibility

A. This section describes policy related to TSP changes under the BRS. The BRS is effective January 1, 2018. The Deputy Secretary of Defense memorandum, "Implementation of the Blended Retirement System," dated January 27, 2017, and Volume 7B, provide comprehensive policy and guidance regarding retirement under the BRS.

B. A member, defined in this section, applies to both Auto-Enrolled and Opt-In Members.

1. Auto-Enrolled BRS Member. A member who is enrolled in BRS by virtue of the member's Date of Initial Entry into Military Service (commonly referred to as DIEMS) on or after January 1, 2018.

2. BRS Opt-In Member. A member who elected to enroll in BRS in accordance with procedures outlined in the Deputy Secretary of Defense Memo, dated January 27, 2017.

510402. Participation and Initial TSP Contribution

The Secretary concerned will establish a TSP account, if one does not already exist, for both Auto-Enrolled BRS Members and BRS Opt-In Members. The initial individual and agency contributions to TSP will occur no later than as specified in accordance with subparagraphs 510402.A. and B.

A. Auto-Enrolled BRS Members. Contributions will begin the pay period following the member's 60th day of service as calculated from Pay Entry Base Date (PEBD).

B. BRS Opt-In Members. Contributions will begin the pay period that begins on or after the date of the member's election to enroll in BRS. When an election is made on the first day of the month, which is the first day of the pay period, initial individual and agency contributions will be in effect for that month.

Example. BRS Opt-In Member submits election on January 1st. The member will receive matching and individual contributions for the January pay period. A member who elects any other day of the January pay period will have contributions begin for the February pay period.

510403. BRS Opt-In Member Individual TSP Contribution

A. Prior Participation in TSP and Carry Over. If a BRS Opt-In Member previously contributed to TSP, the balance of any prior TSP contributions will carry over following enrollment in BRS. Individual TSP contributions made prior to BRS will not be matched.

B. Contribution Election as a BRS Opt-In Member. BRS Opt-In Members will not be automatically enrolled in TSP. BRS Opt-In Members must affirm their prior contribution election or make a new contribution election. A BRS Opt-In Member may contribute to TSP at the individual contribution percentage or dollar amount the member elects at the time of enrollment in BRS. A contribution election may be changed any time in accordance with TSP regulations.

*510404. Auto-Enrolled BRS Member Individual TSP Contribution

A. Default Contribution Between January 1, 2018 and September 30, 2020. A member automatically enrolled in BRS by virtue of his or her accession on or after January 1, 2018, and on or before September 30, 2020, will be automatically enrolled in TSP with an individual contribution election of 3 percent of the member's monthly basic pay or inactive duty pay. This amount will be contributed to the member's TSP account beginning with the first pay period following the member's 60th day of service as calculated from the PEBD.

B. Default Contribution On or After October 1, 2020. A member enrolled in BRS by virtue of his or her accession on or after October 1, 2020, will be automatically enrolled in TSP at the level of 5 percent individual contribution from his or her monthly basic pay or inactive duty pay. This amount will be contributed to the member's TSP account beginning with the first pay period following the member's 60th day of service as calculated from the PEBD.

C. Contribution Changes. Auto-Enrolled BRS Members may change the individual TSP contribution amount at any time before or after the initial deduction. All members must follow regulations prescribed by the IRS and the FRTIB when requesting a refund or changing the amount of individual contributions.

D. Annual Re-Enrollment in TSP for Auto-Enrolled BRS Members

1. Annual Re-Enrollment Requirement. Annual TSP re-enrollment, or "annual re-enrollment," is required for any Auto-Enrolled BRS Member who has stopped his or her automatic TSP contribution by reducing the individual contribution to 0 percent or \$0 per pay period. If an Auto-Enrolled BRS Member has stopped TSP contributions and the member's individual contribution from his or her pay in the final full pay period of the year is 0 percent or \$0, the member will be re-enrolled in TSP on January 1 of the following calendar year. The re-enrollment individual contribution rate will be 3 percent of the member's basic pay. The individual contribution will be deducted in the first full pay period of the year of re-enrollment. Effective October 1, 2020, the re-enrollment individual contribution rate will be 5 percent of the member's basic pay or inactive duty pay.

2. Exception. This provision does not apply if the member's individual contribution is at a percentage or amount greater than zero, but whose contributions may have stopped during the previous year because the member reached the maximum annual contribution limit allowed under IRS regulations.

E. Non-Contribution Periods. Auto-Enrolled Members who are in a non-TSP contribution status at the end of a year will not be auto re-enrolled in TSP in January. However,

if the member does not resume contributions when eligible to do so, the member will be auto re-enrolled in TSP in January of the following year.

Example. An Auto-Enrolled BRS Member takes a hardship withdrawal in November 2018. The member should not be re-enrolled in TSP in January 2019 because the member may not contribute to TSP for a period of 6 months after the hardship withdrawal is processed. The member may restart contributions again in May 2019 (6 months after the hardship withdrawal is processed). If the member does not elect to restart TSP contributions by the final pay period of 2019, he or she must be auto re-enrolled in January 2020.

F. No Expiration of Annual Re-Enrollment. Annual re-enrollment in accordance with paragraph 510404 will occur each year of a member's career in which the criteria are met.

G. Deadline for Declining Annual Re-Enrollment. A member may decline the annual re-enrollment described in paragraph 510404 for the following year no earlier than December 1st of the year in which the member is determined to be subject to annual re-enrollment.

510405. Agency Contributions for Auto-Enrolled BRS Members

A. Agency Automatic (1 percent) Contributions

1. Start Date. Commencing with the pay period that begins on or after the member's 60th day of service, as calculated from the PEBD, the agency will automatically contribute to that member's TSP account, at no cost to the member and without relation to the amount the member contributes, an amount equal to:

a. The equivalent of 1 percent of basic pay earned by that member during that pay period for active service; or

b. The equivalent of 1 percent of inactive duty pay earned by that member during that pay period for Inactive Duty Training (IDT).

2. End Date. The agency (1 percent) contribution will continue for each pay period in which a member is entitled to receive either basic pay or inactive duty pay, or both, through the end of the pay period during which the member attains 26 years of service, as calculated from the PEBD.

B. Agency Matching Contributions

1. Start Date. Commencing with the pay period that follows a member's completion of 24 months of service, as calculated from the PEBD, the agency will contribute an amount that matches the member's individual contribution to TSP (up to 4 percent) as prescribed in Table 51-3.

2. End Date. No agency matching contributions will be made to a member's TSP account after the pay period during which the member attains 26 years of service, as calculated from the PEBD.

510406. Agency Contributions for BRS Opt-In Members

A. Agency Automatic (1 percent) Contributions

1. Start Date. Commencing with the pay period that begins on or after the date a member opts into BRS, the agency will automatically contribute to that member's TSP account, at no cost to the member and without regard to the amount the member contributes, an amount equal to:

a. The equivalent of 1 percent of basic pay earned by that member during that pay period for active service; or

b. The equivalent of 1 percent of inactive duty pay earned by that member during that pay period for IDT.

2. End Date. The agency (1 percent) contribution will continue for each pay period in which a member receives either basic pay or inactive duty pay, or both, through the end of the pay period during which the member attains 26 years of service, as calculated from the PEBD.

B. Agency Matching Contributions

1. Start Date. Commencing with the pay period that begins on or after the date a member opts into BRS, the agency will contribute an amount that matches the member's individual contribution to TSP (up to 4 percent) in accordance with Table 51-3.

2. End Date. No matching agency contributions will be made to a member's TSP account after the pay period during which the member attains 26 years of service, as calculated from the PEBD.

510407. Vesting of Individual TSP Contributions

Individual contributions made by an Auto-Enrolled BRS Member or a BRS Opt-In Member are immediately vested upon payment to TSP. Subsequent earnings on those contributions are also immediately vested when the earnings accrue.

510408. Vesting of Agency Contributions

The two types of agency contributions to TSP are subject to different vesting rules. The following vesting rules apply to both Auto-Enrolled BRS Members and BRS Opt-In Members:

A. Agency (1 percent) Contributions. The agency automatic (1 percent) contributions described in subparagraphs 510405.A or 510406.A, become fully vested on the first day of the 25th month of service, as calculated from a member's PEBD. Members who separate from a Uniformed Service before this date forfeit the agency automatic (1 percent) contributions and any earnings on those contributions.

B. Agency Matching Contributions. Any agency matching contributions, as described in subparagraphs 510405.B or 510406.B, are fully vested upon receipt in the member's TSP account, regardless of accrued service. Any earnings on the agency matching contributions are immediately vested when they accrue.

*510409. Carry-Over of Individual TSP Elections for All BRS Members

A. Reenrollment in TSP After Separation. A member covered under the BRS who separates from a component of the Uniformed Services, and later re-affiliates with any component of a Uniformed Service following a break in service, will be re-enrolled in TSP at an individual contribution of 3 percent of the member's monthly basic pay or 3 percent of inactive duty pay regardless of any previous contribution elections made prior to separation. [Effective October 1, 2020, all members subject to automatic re-enrollment as of December 31, 2020, or December 31st of any subsequent calendar year, will be re-enrolled at a rate of 5 percent.](#)

B. Start Date for Individual Contributions. A reentrant will be automatically enrolled and the 3 percent individual contribution will begin no later than the first pay period following re-entry.

C. Agency (1 percent) Contributions. A member covered under the BRS who re-enters service after a break in service and who previously qualified for the agency automatic (1 percent) contribution, in subparagraphs 510405.A or 510406.A will resume receiving the agency 1 percent contribution into the member's TSP account no later than the first pay period after re-entry.

D. Agency Matching Contributions. A member covered under the BRS who re-enters service after a break in service and who previously qualified for agency matching contributions in subparagraphs 510405.B or 510406.B will resume receiving agency matching contributions into the member's TSP account concurrent with re-enrollment.

510410. TSP Elections for Transitioning Reserve Component (RC) Members

Members of the RC enrolled in the BRS are considered continuous participants in the BRS while they remain in a paid status. Payroll offices should not submit TSP separation codes for RC members. RC members will not be re-enrolled at the automatic 3 percent individual contribution level each time they transition from a paid status in the Selected Reserve (SELRES) to active duty or from active duty back to a paid status in SELRES. The member's previously-elected TSP contribution levels will carry-over through transitions related to activation and deactivation, unless and until the member elects to modify the member's own contribution level. Loan payments, if

any, will also carry through. Such RC members are subject to annual auto re-enrollment as set out in paragraph 510404.

510411. BRS Erroneous Enrollment and TSP

BRS enrollment will be voided for any member who is found to be ineligible to be enrolled or to elect to enroll in BRS under the provisions outlined in the Deputy Secretary of Defense Memo, dated January 27, 2017. Such members will be placed under the correct retirement system upon discovery of the error. Any erroneous agency TSP contributions made to the member's TSP account will be subject to correction in accordance with FRTIB regulations.

510412. Hardship Extension of Enrollment Periods and TSP

If an agency concerned extends the BRS period in accordance with the guidance on hardship extensions of enrollment periods in Service regulations and in accordance with [10 U.S.C. § 1409\(b\)](#) this will not allow for retroactive TSP contributions.

5105. TSP FOR MEMBERS NOT UNDER BRS

510501. Participation

Any member of the Uniformed Services, not enrolled in BRS as prescribed in section 5104, may elect to participate in TSP. A member choosing to participate in TSP is required to contribute at least 1 percent of the member's basic pay or inactive duty pay. Members participating, not under BRS, are not eligible for agency automatic and matching contributions. These members, otherwise, remain subject to the contribution limits outlined in section 5103.

NOTE: In order for a member to contribute bonuses, incentive pays, or special pays to TSP, the member must also be contributing a minimum of 1 percent of the member's basic pay or inactive duty pay.

510502. Start Date

The payroll deduction for individual TSP contributions will commence the first full pay period after the Service concerned accepts the TSP-U-1.

Figure 51-1. Pay Entitlements Available For TSP Contributions

Bonuses	Chapter, section, paragraph, or subparagraph
Accession Bonus for Health Professions	0503
Accession Bonus (Officer)	0303
Active Duty Enlisted Members Enlistment, Reenlistment, and Retention Bonuses: -- Bonus for Transfer between Military Services; -- Bonus for Transfer between Components of a Military Service -- Critical Skill Retention Bonus; -- Enlistment Bonus; -- Prior Service Enlistment Bonus; -- Military Occupation Specialty Conversion Bonus; and -- Selective Retention Bonus	09
Aviation Bonus	20
Bonus Program for the Individual Ready Reserve and Inactive National Guard	61
Career Status Bonus/Continuation Pay	66
Critical Wartime Skills Accession Bonus	0504
Foreign Language Proficiency Bonus	19
Incentive for Qualified Members Extending Duty at Designated Locations Overseas	14
*Nuclear Career Accession Bonus	03
Nuclear Officer Accession Bonus	03
Nuclear Officer Continuation Bonus	03
Ready Reserve Accession, Affiliation, Enlistment, And Retention Bonuses: - Officer Accession and Affiliation Bonus; - Enlistment Bonus; - Enlisted Affiliation Bonus; - Military Occupation Specialty Conversion Bonus; - Prior Service Enlistment Bonus; - Selective Retention Bonus; - Transfer between Components of a Military Service Bonus; and - Transfer between Military Services Bonus.	56
Retention Bonus (Health Professions)	0507
Retention Bonus (Officer)	0305
RC Affiliation Bonus	0304
Transfer Bonus (Officer)	0306

Figure 51-1. Pay Entitlements Available For TSP Contributions (Continued)

	Chapter, section, paragraph, or subparagraph
Incentive Pays	
Assignment Incentive Pay	15
Aviation Incentive Pays (AvIP): -- AvIP for Aviators in Operational Flying Duty or Proficiency Flying Duty Positions; -- AvIP for Aviators not in Operational Flying Duty or Proficiency Flying Duty Positions; -- Critical Skill Incentive Pay; and -- Hazardous Duty Incentive Pay for Flying	22
Board Certification Pay	0505
Hazardous Duty Incentive Pays: -- Chemical Munitions Duty; -- Dangerous Viruses (or Bacteria) Lab Duty; -- Demolition Duty; -- Experimental Stress Duty; -- Flight Deck Duty; -- Maritime Visit, Board, Search and Seizure; -- Parachute Duty; -- Polar Region Flight Operations Duty; -- Toxic Fuels (or Propellants) Duty; and -- Toxic Pesticides	24
Incentive Pay (Health Professions)	0506
Submarine Duty	23

	Chapter, section, paragraph, or subparagraph
Special Pays	
Career Sea Pay	18
Career Sea Pay Premium	18
Combat-Related Injury Rehabilitation Pay	13
Command Pay	0308
Designated Unit Pay	580208
Diving Duty Pay	11
Hardship Duty Pay	17
Hostile Fire or Imminent Danger Pay	10
Nuclear Career Annual Incentive Pay	030703
Prototype Shift Engineer Incentive Pay	030704
Special Duty Assignment Pay	08
Weapons of Mass Destruction Civil Support Team Pay	570405

Table 51-1. Savings Deposits, Special Determinations on Accrual of Interest

R U L E	A	B	C
	When an eligible member has a saving deposit account in effect and the member	And	then interest
1	was in a deserter status	is returned to military control	accrues to the end of the month before the month the member entered a deserter status and resumes the first of the month after the month the member returns to military control (note 1).
2	returns to military control after desertion	has personnel records corrected to remove a mark of desertion	accrues during the period the member was originally considered to be a deserter (note 2).
3	is separated or discharged	repayment of deposits is delayed for any reason (note 3)	accrues to the end of the month in which repayment is made, not to exceed 90 days after eligibility to make deposits terminates.
4	does not request repayment after termination of eligibility to make deposits	within 90 days is again entitled to make deposits	continuously accrues.
5	is in a missing status	the Secretary of the Military Department concerned (or designee) directs repayment of total amount of deposit	accrues to the end of the month in which repayment is directed.
6		a finding of death is made	accrues to the end of the month in which repayment is made not to exceed 90 days after the date pay and allowances terminate.
7	goes on official TDY or TAD away from the SDP authorized duty assignment or SDP authorized area for a period of 90 days or more		accrues for the first 90 days of TDY or TAD, but not after 90 days (note 4).

Table 51-1. Savings Deposits, Special Determinations On Accrual Of Interest (Continued)

NOTES:

1. Interest does not accrue on deposits during the period a member is in a desertion status.
2. Interest will be computed and retroactively credited.
3. Delays in repayment of deposits include withholding of issued discharge certificates pending release from confinement when sentenced to dishonorable discharge.
4. Interest would again accrue upon return to the SDP authorized duty assignment or the authorized SDP area.

Table 51-2. Savings Deposits, Conditions under Which Deposits, Plus Interest Are Repaid

R U L E	A	B
	When an eligible member has a savings deposit account and the member	then all deposits, plus interest will be repaid upon
1	permanently departs the authorized SDP area or has departed the authorized area for more than 90 days	the member's request after departure from the SDP authorized duty assignment or the SDP authorized location. If no request is received after 120 days from the departure from the authorized SDP area, all deposits, plus interest will be automatically repaid to the member.
2	is discharged or separated overseas (not for reentry into the Military Service)	discharge or separation from the Military Service or not to exceed 90 days thereafter.
3	is in a missing status	direction of the Secretary concerned or designee.
4	dies	settlement of member's unpaid pay and allowances as provided in Chapter 36 (note).

NOTE:

Interest on deposits stops at the end of the month in which full repayment is made. Do not continue interest beyond 90 days after the date of the member's death, or when a member's SDP authorized duty assignment terminates, whichever is earlier. See Table 51-1, Rule 6, for death cases where a missing status is involved.

Table 51-3. Automatic and Matching Contributions

Individual Contributions	Agency Automatic Contribution (Note)	Agency Matching Contribution (Note)	Total TSP Monthly Contribution
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%

Note:

The rules for agency automatic contributions and agency matching contributions differ between Auto-Enrolled and Opt-In Members. Specific rules are located in paragraphs 510405 and 510406.

*REFERENCES

CHAPTER 51 – SAVINGS PROGRAMS

5102 – SDP

	10 U.S.C. § 1035(a)
510201	Assistant Secretary of Defense Manpower and Reserve Affairs Memo, April 28, 2016
510204	10 U.S.C. § 1035(e)
510213	Office of the Under Secretary of Defense Comptroller Memo, April 16, 2008
510202	37 U.S.C. § 551

5103 – TSP GUIDELINES

	Deputy Secretary of Defense Memo, January 27, 2017
	5 U.S.C. §§ 8432b-8441
510302	IRS Notice 2018-83
	Treasury Regulation 1.402(g)-1
510302.B.3 & 4	26 CFR 1.415(c)-1(b)
510303	5 CFR 1600.14
510305	5 U.S.C. § 8432d
510307	26 U.S.C. § 402(g)
	5 CFR 1600.23(e) and (f)
510309	5 U.S.C. 8432a
	5 CFR 1605
	5 CFR 1605.12

5104 – TSP FOR BRS MEMBERS

	Deputy Secretary of Defense Memo, January 27, 2017
	5 U.S.C. §§ 8432b-8441
	Under Secretary of Defense Personnel and Readiness Memo, September 28, 2020

5105 – TSP FOR MEMBERS NOT UNDER BRS

	5 U.S.C. §§ 8432b-8441
--	------------------------

Table 51-3 – Automatic and Matching Contributions

	Deputy Secretary of Defense Memo, January 27, 2017
--	----------------------------------------------------