



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 7TH MISSION SUPPORT GROUP
274 AVENUE B., SUITE 107
DYESS AIR FORCE BASE TEXAS 79607

MAR 13 2006

MEMORANDUM FOR DISTRIBUTION C

FROM: 7 MSS/DPC

SUBJECT: Thrift Savings Plan (TSP) In-Service Withdrawals

1. An in-service withdrawal is a means of providing participants, under limited conditions, access to funds in their TSP accounts while they are employed by the Federal government as Federal civilian employees.
2. The following types of in-service withdrawals are available to TSP participants:
 - a. **Age-based in-service withdrawal:** Employed participants who are age 59½ or older may withdraw all or any portion of their vested account balances. The minimum amount of an age-based in-service withdrawal is \$1,000 or the participant's entire vested account balance, whichever is less. Participants may elect to receive a dollar amount or their entire vested account balance. Participants may make only one age-based in-service withdrawal. The age-based in-service withdrawal is disbursed as a single payment and subject to mandatory 20% federal income tax withholding. There is no early withdrawal penalty tax for an age-based in-service withdrawal.
 - b. **Financial hardship in-service withdrawal:** Employed participants who demonstrate financial hardship may withdraw their own contributions and attributable earnings from their TSP accounts. The maximum amount of a financial hardship in-service withdrawal is the amount of the participant's contributions and attributable earnings or the amount of the participant's demonstrated need, whichever amount is smaller. The minimum amount that may be requested for a financial hardship in-service withdrawal is \$1,000. There are no restrictions on the number of financial hardship in-service withdrawals an employee can make; however, you may not apply for another financial hardship in-service withdrawal for a period of 6 months. Participants who receive financial hardship in-service withdrawals may not contribute or receive agency matching funds for a period of 6 months. Financial hardship in-service withdrawals are taxable income for federal income tax purposes.
3. To apply for an age-based in-service withdrawal, you will need to complete Form TSP-75, Age-Based In-Service Withdrawal Request. If you want to make a financial hardship withdrawal, complete Form TSP-76. All forms are submitted to the TSP Service Office. The forms and an information brochure are available on the TSP web site at <http://www.tsp.gov>.

4. If you have any questions or need further information, please contact me at 6-2391.

A handwritten signature in black ink that reads "Karen S. Thomas". The signature is written in a cursive style with a long, sweeping tail on the "s" at the end.

KAREN S. THOMAS

Civilian Personnel Officer