



American Postal Workers Union, AFL-CIO

Mark Dimondstein, President
Judy Beard, Legislative & Political Director



LEGISLATIVE PRIORITIES

115th Congress

Making TSP Work Better for Postal Workers

The Thrift Savings Plan (TSP) is a crucial component of postal workers' retirement security – a FERS annuity along with Social Security and TSP payments together can provide financial stability. TSP investments also provide enhanced income security for many retirees receiving Civil Service Retirement System benefits. To make it work even better for postal workers, however, more flexibility is needed for TSP withdrawals.

[SIGNED INTO LAW]
NOV. 17, 2017

Thrift Savings Plan Modernization Act

By participating in the TSP, postal workers have an opportunity to save for retirement and receive matching contributions from the Postal Service. Presently, more than 5 million civil servants have invested nearly \$500 billion in TSP accounts.

Retired postal workers who voluntarily contributed to the TSP while employed did so to accumulate tax-deferred savings. During retirement, there is no federal income tax on these savings as long as account-holders comply with TSP withdrawal rules.

The TSP withdrawal rules, however, are stringent and have remained unchanged since the program was founded in 1986. Currently, upon reaching age 59, active postal employees can only withdraw from their TSP once. Similarly, retirees can only partially withdraw from their TSP a single time.

This inflexibility often leads retirees to fully withdraw their TSP funds and move them into private investment plans with pricier maintenance fees.

To address this problem, the TSP Modernization Act has been introduced in both chambers of Congress.

The TSP Modernization Act would provide much needed flexibility to retiring postal workers, lifting the current restrictions and allowing them to make multiple, partial post-separation withdrawals from their TSP savings. It would also give TSP contributors the



choice of quarterly or annual payments. The APWU applauds any effort to make this valuable investment tool more workable.

The bipartisan authors of the House bill (H.R.3031), Reps. Cummings and Meadows, highlight the value of this reform for postal workers:

- Said Cummings, it “encourage(s) participants to keep their TSP accounts to take advantage of low administrative fees.” It would “give TSP participants what they want: greater flexibility to withdraw money from their accounts to address unexpected life events.”
- Calling it a “common-sense reform,” Meadows added, “it will give TSP recipients more access to their own funds and, over the long term, allow them the opportunity to continue taking advantage of benefits similar to those available throughout the private sector after federal service.”

In a climate where bipartisan solutions are often hard to come by, the TSP Modernization Act is a notable exception. APWU supports the TSP Modernization Act and encourages congressional action on the bill.

TSP Modernization Act

Senate bill S. 873

Initial sponsors:

Rob Portman (R-OH)
Tom Carper (D-DE)

House bill H.R. 3031

Initial sponsors:

Elijah Cummings (D-MD)
Mark Meadows (R-NC)