

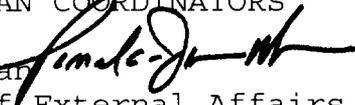


FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005

March 10, 2004

MEMORANDUM TO: THRIFT SAVINGS PLAN COORDINATORS

FROM:

Pamela-Jeanne Moran 
Deputy Director of External Affairs

SUBJECT:

Effect of the retroactive pay increase on the
Thrift Savings Plan

On January 23, 2004, President Bush signed Public Law 108-199, the Consolidated Appropriations Act, 2004. This legislation includes language that mandates a 4.1 percent average retroactive pay increase for most white-collar civilian employees. On March 3, 2004, President Bush signed an Executive Order to implement this pay increase.

However, please be advised that although this pay increase will be retroactive to the first pay period in January, it is not considered an error subject to breakage (lost earnings) for Thrift Savings Plan (TSP) purposes under 5 C.F.R. parts 1605 and 1606. Consequently, contributions associated with the pay increase should be submitted to the TSP record keeper as current contributions. The retroactive contributions must also be submitted as one lump sum payment (rolled up as one dollar amount). The lump sum payment can be submitted with your regular payroll submission.

If you have any questions regarding the above, please contact the Agency Technical Support Staff at the TSP record keeper (504) 255-5110 or the Agency/Participant Liaison staff at the Board (202) 942-1460.