



# **Thrift Savings Plan**

**Form TSP-76**

**Financial Hardship**

**In-Service Withdrawal Request**

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*August 2015*

# GENERAL INFORMATION

If you are a Thrift Savings Plan (TSP) participant and you are employed by the Federal Government as a Federal civilian employee or as a member of the uniformed services, you may be able to request a financial hardship in-service withdrawal.

**To qualify**, you must have an immediate and significant financial need that necessitates a distribution from your TSP account **and** your need must arise out of either a recurring negative monthly cash flow situation, medical expenses, legal expenses for separation or divorce, or personal casualty loss. You cannot request a financial hardship withdrawal for expenses that you have already paid or that are reimbursable to you. **In addition, the following conditions apply:**

- Your TSP account must contain at least \$1,000 of your own contributions and earnings on those contributions.
- You have not received a financial hardship in-service withdrawal from the same account within the previous 6 months.
- You do not have an application pending for an age-based in-service withdrawal or for a TSP loan.

Before requesting a withdrawal, you should read the TSP booklet *In-Service Withdrawals* and the TSP tax notice "Important Tax Information About Payments From Your TSP Account." If you do not have these materials, you can obtain them from the TSP website ([tsp.gov](http://tsp.gov)) or from your agency or service. These materials provide detailed information about the **effect of a financial hardship withdrawal on your retirement savings and the tax consequences of your withdrawal**. For example, when you make a financial hardship withdrawal:

- The TSP will automatically stop your TSP contributions for 6 months. If you are a FERS employee, this means that you will not receive Agency Matching Contributions during that time. If you are a member of the uniformed services, this means that your contributions from incentive and special pay, including bonuses, will also stop.
- You permanently deplete your retirement savings by the amount of your withdrawal plus any future earnings you could have received on that amount.
- The **taxable** portion of your withdrawal is subject to Federal income tax (and may be subject to state and local tax, depending on your residence). An additional 10% early withdrawal penalty tax applies if you are younger than age 59½ when you make the withdrawal, unless you satisfy one of the Internal Revenue Service's exceptions to this penalty.

**Note:** Withdrawals of tax-exempt contributions in a traditional balance and any Roth contributions are **not** subject to Federal income tax. However, if you have not met the conditions necessary for your Roth earnings to be qualified (i.e., paid tax-free), any Roth earnings included in the withdrawal will be subject to Federal income tax. Roth earnings become qualified when you have reached age 59½ (or are permanently disabled\*) **and** five years have passed since January 1 of the year of your first Roth contribution.

If you are in pay status and eligible for a loan, you might consider taking a loan rather than making a withdrawal.

**SPOUSES' RIGHTS:** If you are married (even if separated from your spouse), spouses' rights apply to the financial hardship in-service withdrawal from your account as follows:

## Spouses' Rights for In-Service Withdrawals

Classification	Requirement	Exceptions
FERS and Uniformed Services	Spouse must provide consent to the in-service withdrawal. Your spouse's signature must be notarized.	Exception may be requested if whereabouts are unknown or exceptional circumstances exist.
CSRS	The TSP must notify your spouse of the request for an in-service withdrawal.	Exception may be requested if whereabouts are unknown.

If you cannot obtain your spouse's signature (FERS and uniformed services) or you do not know your spouse's whereabouts (CSRS), provide your spouse's Social Security number on the form and submit Form TSP-16, Exception to Spousal Requirements (or TSP-U-16 for uniformed services), along with the required documentation.

\* The TSP cannot certify to the IRS that you meet the Internal Revenue Code's definition of disability when your taxes are reported. Therefore, you must provide the justification to the IRS when you file your taxes.

# Worksheet to Determine Financial Hardship

Use the instructions below to help you complete the worksheet. If you are married, please include financial information for your spouse.

## SECTION I. Calculation for Negative Cash Flow

- A.** To determine your allowance for ordinary monthly household expenses, first determine your gross monthly income as explained in the instructions below and enter that amount on the line provided. Then, locate your income in the chart on the right and move across to choose the factor that correlates to your family size. Enter that factor on the line provided and multiply it by the amount of your gross monthly income. Enter the result (rounded to the nearest whole dollar) on Line A.

Gross Monthly Income	Factor for Family Size of:		
	1 or 2	3 or 4	5 or more
Less than \$1,250	.85	.90	.90
\$1,250 – 1,666	.70	.80	.80
\$1,667 – 2,499	.60	.65	.70
\$2,500 – 3,332	.50	.55	.60
\$3,333 – 4,166	.40	.50	.50
\$4,167 – 5,832	.40	.45	.50
\$5,833 or more	.30	.35	.40

$$\frac{\text{Gross Monthly Income}}{\text{Gross Monthly Income}} \times \frac{\text{Factor}}{\text{Factor}} = \text{A}$$

- B.** Enter your monthly scheduled household expenses (see instructions below): \_\_\_\_\_ **B**
- C.** Enter your total monthly household expenses by adding Lines A and B: \_\_\_\_\_ **C**
- D.** Enter the total net monthly income (see instructions below): \_\_\_\_\_ **D**
- E.** Subtract Line D from Line C to determine whether you have a negative cash flow. If Line C is the same as or less than Line D, you do not have a negative cash flow and should not complete Item F. \_\_\_\_\_ **E**
- F.** Multiply Line E by 6 months.  
This is the amount you can request due to negative cash flow: \_\_\_\_\_ x 6 = \_\_\_\_\_ **E**

## SECTION II. Extraordinary Expenses

- G.** Total amount of allowed unpaid and unreimbursable medical expenses: (This is the amount you can request for medical expense reasons.) \_\_\_\_\_ **G**
- H.** Total amount due to unpaid and unreimbursable personal casualty loss: (This is the amount you can request due to personal casualty loss.) \_\_\_\_\_ **H**
- I.** Total amount of unpaid and unreimbursable legal expenses for separation or divorce: (This is the amount you can request to cover your legal expenses due to separation or divorce.) \_\_\_\_\_ **I**

## SECTION III. Maximum Request Amount

- J.** Add Items F, G, H, and I. (This is the maximum financial hardship withdrawal you can request.) \_\_\_\_\_ **J**

## INFORMATION AND INSTRUCTIONS FOR THE WORKSHEET:

To determine negative cash flow, complete Section I above. If you are requesting a financial hardship for another reason, complete Section II. Complete both sections if you have a negative cash flow and extraordinary expenses.

- **The allowance for ordinary household expenses (Item A)** takes into account ordinary monthly recurring expenses (e.g., food, clothing, household operations, education, health insurance premiums), including expenses frequently charged to credit cards. If you are in **pay status**, determine **gross** monthly income by adding your gross monthly pay and any other monthly income (such as child support) for you and, if applicable, your spouse. Your gross pay is your pay before taxes and any other deductions are taken out. If you are in **nonpay status**, determine your **gross** monthly income by using your annual salary shown on your earnings and leave statement. Divide this amount by 12 and then add any other monthly income for you and, if applicable, your spouse. If any income for you or your spouse is not monthly, you will need to calculate the monthly amount. For example, if you are paid 26 times a year (biweekly), multiply the biweekly amount by 26 and divide by 12.
- Your **monthly scheduled household expenses (Item B)** include your rent or mortgage, real estate tax, your homeowner's or renter's insurance, and monthly household utilities (if these items are paid separately from your mortgage or rent), dependent care (including necessary household help due to illness or injury) and any expenses you pay for alimony, maintenance, or child support. You should also include any installment loan payments other than those related to a TSP loan. Do not include credit cards or charge accounts or any interest charges on them. These items are considered in your allowance for ordinary monthly household expenses.
- To calculate the **net monthly income (Item D)** for you and your spouse, add the monthly amounts for Federal, state, and local income tax withholding, OASDI (Social Security)/Medicare, and monthly Federal retirement deduction (i.e., FERS, CSRS, or uniformed services). If your spouse has any other type of monthly retirement plan deductions or makes monthly TSP contributions, also add in those items. Subtract this total from the gross monthly income you provided on Line A and enter the result on Line D.

***This worksheet is for your records only. Do not submit it with your form.***

**⚠ You are about to request a financial hardship withdrawal. You should be aware of the following:**

You will be unable to make **any** TSP contributions for 6 months. This means that you cannot make traditional, Roth, or catch-up contributions, or contribute from incentive, special, or bonus pay during that time.

If you are eligible for matching contributions from your agency or service, you will not receive them during the 6-month period that you cannot contribute.

The amount you withdraw combined with 6 months of missed contributions and matching can reduce your retirement savings by thousands of dollars over time.

You may have to pay taxes and a 10% early withdrawal penalty on the money you withdraw.

**Be aware that if you have a significant financial hardship and are in pay status and eligible for a TSP loan, you can request a loan rather than a withdrawal.** If you take a loan from your TSP account:

- You can pay yourself back with interest; your loan payments go directly into your TSP account.
- You can continue your contributions, and your matching contributions will not be affected.
- However, your long-term retirement savings will be negatively impacted because you will not accrue earnings on your loan amount.
- You must pay a \$50 loan fee.
- You will not pay taxes on your loan amount.\*

**For more information about each option, visit the Plan Participation section of [tsp.gov](http://tsp.gov).**

\* Unless your loan is not paid back and the TSP declares a taxable distribution. When the TSP declares a taxable distribution, the Internal Revenue Service (IRS) considers the unpaid balance (including any accrued interest) of the loan to be taxable income.

## **INSTRUCTIONS FOR PAGE 1**

To ensure that your request is not delayed, carefully type or print the requested information using black or dark blue ink. If printing, please use simple block letters and numbers. Keep all letters and numbers **inside** the boxes.

**Be certain to provide all the information requested on the form. If you do not, your form may be rejected.**

**SECTION I.** Check whether you are withdrawing money from your civilian or uniformed services account in Item 1. **Check only one box.** You cannot withdraw from both accounts using one form. If you have two TSP accounts, and you do not check a box, your form will not be processed.

**SECTION II.** If you are a FERS or uniformed services participant, your spouse must consent to your financial hardship withdrawal by providing his or her name and signature in Item 6, and by dating the form in Item 7. The signature must be notarized. Because the form will be filed with a Federal agency in Washington, D.C., the notary must complete the information in Item 8. No other acknowledgement is acceptable. If you cannot obtain your spouse's signature, provide your spouse's name in Item 6 and Social Security number in Item 9, and submit Form TSP-16, Exception to Spousal Requirements (or TSP-U-16 for uniformed services).

**SECTION III.** If you are a CSRS participant, the TSP must notify your spouse of your hardship withdrawal. Provide your spouse's name in Item 10. If your spouse's address is the same as your address in your TSP record, check "Yes" in Item 11 and go to Section IV on Page 2. If your spouse's address is

not the same as yours, check "No" in the second box and complete Items 12-16. If you do not know your spouse's address, check the third box in Item 11, provide your spouse's Social Security number, and submit Form TSP-16, Exception to Spousal Requirements.

**If your spouse has a foreign address,** check the box in Item 12 and enter the foreign address as follows in Items 13-14:

First address line: Enter the street address or post office box number, and any apartment number.

Second address line: Enter the city or town name, other principal subdivision (e.g., province, state, county), and postal code, if known. (The postal code may precede the city or town.)

City/State/Zip Code Fields: Enter the entire country name in the City field; leave the State and Zip Code fields blank.

If your spouse uses an **Air/Army Post Office (APO) or Fleet Post Office (FPO)** address, enter that address in the two available address lines (include the unit designation). Enter APO or FPO, as appropriate, in the City field. In the State field, enter AE as the state abbreviation for Zip Codes beginning with 090-098, AA for Zip Codes beginning with 340, and AP for Zip Codes beginning with 962-966. Then enter the appropriate Zip Code.

**Skip SECTIONS II and III** if you are not married. You will certify that you are not married on Page 2 of this form.

**PRIVACY ACT NOTICE.** We are authorized to request the information you provide on this form under 5 U.S.C. chapter 84, Federal Employees Retirement System. We will use this information to identify your TSP account and to process your request. In addition, this information may be shared with other Federal agencies for statistical, auditing, or archiving purposes. We may share the information with law enforcement agencies investigating a violation of civil or criminal law, or

agencies implementing a statute, rule, or order. It may be shared with congressional offices, private sector audit firms, spouses, former spouses, and beneficiaries, and their attorneys. We may disclose relevant portions of the information to appropriate parties engaged in litigation and for other routine uses as specified in the Federal Register. You are not required by law to provide this information, but if you do not provide it, we will not be able to process your request.



## INSTRUCTIONS FOR PAGE 2

**SECTION IV.** Before you complete this section, read the following information carefully. After completing the form, you will have to sign it and certify that the information you are providing is true. Your signature must be notarized.

We recommend that you use the worksheet at the front of this package to determine the amount of your financial hardship.

To receive a hardship withdrawal from your TSP account, you need must arise out of **one or more** of the following situations:

- 1) On a recurring basis, your **monthly cash flow is negative**. That means that your net income is less than your ordinary monthly household expenses. This situation does not apply if you are in chapter 13 bankruptcy. (This is because the court has shielded you against a negative cash flow position.)
- 2) You have incurred (or will incur within the next 6 months) one of the following extraordinary expenses, which you have not paid and for which you will not be reimbursed (for example, by insurance):
  - **Medical expenses.** These expenses should be payable by you, your spouse, or your dependents and should be deductible by you for Federal income tax purposes without regard to any income limit on deductibility. They include, but are not limited to, expenses for physician visits, prescription drugs, hospitalization, and eyeglasses. Medical expenses also include the cost of structural changes to your home required for medical care, or the installation of special equipment necessary to accommodate an incapacitated person (for example, a wheelchair ramp or a chair lift). Medical expenses do not include health insurance premiums.
  - **Personal casualty loss.** This is the cost of making repairs to or replacement of property that would be deductible by you for Federal income tax purposes, but without regard to any income limit on deductibility, or the fair market value of the property, or the number of loss-producing events. Personal casualty loss includes — but is not limited to — damage, destruction, or loss of property resulting from a sudden, unexpected, or unusual event such as a flood, earthquake, hurricane, fire, tornado, or theft.
  - **Legal expenses for attorney fees and court costs associated with separation or divorce.** Note that court-ordered payments to a spouse or former spouse (e.g., alimony or property settlement, child support payments, costs of obtaining prepaid legal services, and other coverage for legal services) are not allowed.

Provide the amount of the withdrawal you are requesting in Item 17, and the reason or reasons for your financial hardship in Item 18. You can request an amount of \$1,000 or more of your own contributions and earnings on those contributions. However, the amount you request cannot be more than the amount of your hardship. If your employee contributions and earnings are less than your requested amount, but are at least \$1,000, you will be paid the lesser amount.

**Note:** Your withdrawal will be disbursed pro rata (i.e., proportionally) from any traditional and Roth balances in your account at the time of your withdrawal. Similarly, if your uniformed services TSP account contains tax-exempt or Roth contributions, your withdrawal will be disbursed pro rata from taxable and nontaxable amounts.

**SECTION V.** This section is optional. The **taxable** portion of your withdrawal is subject to Federal income tax and, if you are younger than age 59½, possibly a 10% early withdrawal penalty tax. (It may also be subject to state and local tax; check with your tax advisor or taxing authority.)

**Note:** Withdrawals of tax-exempt contributions in a traditional balance and any Roth contributions are **not** subject to Federal income tax. However, if you have not met the conditions necessary for your Roth earnings to be qualified (i.e., paid tax-free), any Roth earnings included in the withdrawal will be subject to Federal income tax. (See General Information.)

We must withhold 10% of the **taxable** portion of your withdrawal for Federal income tax unless you waive withholding (or request more than 10% withholding) by completing the appropriate box in Item 19. If you complete Item 19 incorrectly, we will process your withdrawal using the standard 10% withholding. For example:

<b>Withdrawal requested:</b>	\$ 3,000
Minus 10% Federal income tax withholding:	\$ -300
<b>Payment to you:</b>	<b>\$ 2,700</b>

For more information about tax withholding and the tax penalty, be sure to read the tax notice "Important Tax Information About Payments From Your TSP Account."

**SECTION VI.** Complete this section **only if** you want the TSP to send your financial hardship withdrawal directly to your checking or savings account by direct deposit. If you do not know the 9-digit ACH Routing Number or your checking or savings account number, contact your financial institution for this information. Direct deposits will be made only to financial institutions in the United States. **Note:** If the TSP determines that the direct deposit information you provided is incomplete or invalid, your request will be processed, but you will receive your payment in the form of a check mailed to your address of record.

**SECTION VII.** Please sign and date this form. Your signature must be notarized; otherwise your request cannot be processed. Because the form will be filed with a Federal agency in Washington, D.C., the notary must complete the notarization in this section. No other acknowledgement is acceptable.

The address you provide in Item 26 **will not be used to update the address in your TSP record**. We will use this address **only** to notify you if we cannot locate your account based on the information you provided on this form. If the address in your TSP record is not correct, contact your agency or service immediately — only your agency or service can change your address for your TSP account while you are employed by the Federal Government or are a member of the uniformed services. If you are not sure what address is shown for your TSP account, check your most recent participant statement. It is available on the TSP website. To access your account record, you will need your TSP account number (or user ID) and your Web password. Correct your address before submitting your withdrawal request.

After completing the form, make a copy for your records.

**Either mail the original to:**

**Thrift Savings Plan  
P.O. Box 385021  
Birmingham, AL 35238**

**Or fax to: 1-866-817-5023**

**Note:** Do **not** mail **and** fax your request. The TSP will automatically cancel your second request. If you need to make a change or correction on your form, call the TSP to cancel your first request.

If you have questions, call the ThriftLine at 1-TSP-YOU-FRST (1-877-968-3778) or the TDD at 1-TSP-THRIFT5 (1-877-847-4385). Outside the U.S. and Canada, please call 404-233-4400 (not toll free).



