



Thrift Savings Plan BULLETIN for Agency TSP Representatives

Subject: Changes to TSP-Separation Codes: Additional System Edits for TSP-Separation Codes and TSP-Date-of-Birth

Date: August 29, 1994

Notice to Agency Representatives

This TSP Bulletin contains important information that must be disseminated immediately to all agency payroll, personnel, and appropriate ADP offices.

When a participant separates, retires, or dies in service, agency personnel offices are currently required to prepare and send to the Thrift Savings Plan (TSP) recordkeeper, the National Finance Center (NFC), a Form TSP-18, Validation of Retirement Information. This form is used by the TSP recordkeeper primarily to determine a participant's retirement eligibility for withdrawal purposes. The enactment of Public Law 103-226, on March 30, 1994, which amended the Federal Employees' Retirement System Act of 1986, gave all separated participants the same TSP withdrawal options, regardless of their eligibility for retirement benefits. Therefore, Form TSP-18 will no longer be needed to determine the TSP withdrawal options to which a participant is entitled. Agency representatives will receive detailed information about the elimination of Form TSP-18 in a subsequent TSP Bulletin.

The Employee Data Record (01-Record) will be the sole source of separation information submitted to the TSP recordkeeper by a participant's agency. Therefore, additional importance will be placed on the accurate and timely submission of Employee Data Records (01-Records) by a participant's agency. A participant's or beneficiary's withdrawal will be processed by the TSP recordkeeper based on the information provided by the participant's agency on an Employee Data Record (01-Record).

Inquiries: Questions concerning the provisions of this bulletin should be directed to the Federal Retirement Thrift Investment Board at **202-942-1480** or **202-942-1460**.

Supersedes: This TSP Bulletin supersedes TSP Bulletin 87-62, December 28, 1987, Guidelines for Correcting Erroneous Separation Codes.

Currently, when a participant separates, retires, dies, transfers to another Federal agency, or changes payroll offices, the participant's agency payroll office reports the participant's TSP-Separation Code and TSP-Separation Date on an Employee Data Record (01-Record). The current TSP-Separation Codes are: **S** – Separated, **R** – Retired, **D** – Deceased, **T** – Transferred, and **N** – Not Separated (used only to correct a previously submitted TSP-Separation Code when a participant had been reported in error to be separated or transferred). For participants who are not separated, retired, or deceased, or who have not transferred to another Federal agency or payroll office, the TSP-Separation Code and TSP-Separation Date are blank.

I. Changes to the TSP-Separation Codes — Effective January 1, 1995

Effective with the first pay date on or after January 1, 1995, agency payroll offices must submit TSP-Separation Codes as follows:

- A. **TSP-Separation Code “B”.** This is a new TSP-Separation Code which will be used by a participant's agency to report an “*OPM-approved disability retirement.*” This new code is a critical data element that will be used by the TSP recordkeeper to identify those participants whose TSP withdrawals qualify for special tax treatment. Agency payroll and personnel office representatives must ensure that when a participant separates as a result of an “OPM-approved disability retirement” that the new TSP-Separation Code “**B**” is submitted to the TSP recordkeeper upon a participant's retirement. **An agency's failure to submit the correct TSP-Separation Code for an OPM-approved disability retirement may result in adverse tax consequences to the participant.**

Note: This code must not be submitted until the disability retirement has been **approved** by OPM and the participant separates from Federal service. Approvals granted after separation will be coordinated with OPM by the TSP recordkeeper. In addition, this code is not submitted for a separation due to workers' compensation. A TSP-Separation Code of “**S**” is used to report a separation due to workers' compensation.

- B. **TSP-Separation Code “D”.** There is no change to the TSP-Separation Code “**D**”. The current TSP-Separation Code “**D**” will continue to be used by a participant's agency to report a participant's death.
- C. **TSP-Separation Code “N”.** There is no change to the TSP-Separation Code “**N**”. The current TSP-Separation Code “**N**” will continue to be used by a participant's agency to correct a TSP-Separation

Code that was previously reported when no separation (or transfer) occurred. For example, when a TSP-Separation Code of “**S**” was submitted to the TSP recordkeeper but the participant was not separated, the “**N**” code will be submitted to indicate that the participant was not separated from Federal service. **This TSP-Separation Code must not be used for any other reason.** When a TSP-Separation Code “**N**” is submitted, the TSP-Separation Date must be submitted as 00/00/00.

- D. **TSP-Separation Code “R”.** The current TSP-Separation Code “**R**” will no longer be a valid TSP-Separation Code. Regular retirements should be reported to the TSP recordkeeper using TSP-Separation Code “**S**”.
- E. **TSP-Separation Code “S”.** The current TSP-Separation Code “**S**” will be used by a participant’s agency to report all types of separations (including regular retirements), except “**OPM-approved disability retirements**” (which will be reported using the new TSP-Separation Code “**B**”) and deaths (which will continue to be reported as TSP-Separation Code “**D**”).
- F. **TSP-Separation Code “T”.** There is no change to the TSP-Separation Code “**T**”. The current TSP-Separation Code “**T**” will continue to be used by a participant’s agency to report a participant’s transfer to another Federal agency or another payroll office.

II. Additional Edits to the TSP System — Effective January 1, 1995

Because the separation information that is submitted by a participant’s agency on an Employee Data Record (01-Record) is critical to a participant’s withdrawal, additional edits will be added to the TSP System to validate the separation information. Agency payroll and personnel office representatives must ensure that accurate separation information is submitted to the TSP recordkeeper. When a payroll office representative receives notification from the TSP recordkeeper or a participant that questionable separation data have been submitted by the agency, it must coordinate closely with the agency personnel office representative to ensure that any erroneous data are immediately corrected. Separation information submitted on an Employee Data Record (01-Record) by the agency payroll office will determine the type of tax treatment a participant will receive on a TSP withdrawal. **Consequently, if the separation is reported incorrectly, an agency may cause a participant to receive incorrect tax treatment.** The following new edits will be effective in the TSP System January 1, 1995.

- A. The TSP-Separation Date cannot be prior to January 1, 1987. If a participant's agency payroll office submits an Employee Data Record (01-Record) with a TSP-Separation Date earlier than January 1, 1987, the record will be displayed on the Reject Report (Report TSPS01 RPT 02) and the following fatal error message will apply: *"TSP-Separation Date cannot be prior to 01/01/87. Check the separation date and immediately resubmit the Employee Data Record (01-Record) with the correct date. Failure to resubmit a correct 01-Record will delay processing a withdrawal."*

The Employee Data Record (01-Record) will be deleted and not posted to the participant's TSP account. The agency payroll office must research the separation information and resubmit the Employee Data Record (01-Record) with the correct separation date.

- B. The TSP-Separation Date cannot be later than the date the Employee Data Record (01-Record) is being edited by the TSP System. If a participant's agency payroll office submits an Employee Data Record (01-Record) with a TSP-Separation Date which is later than the date the record is being edited, the record will be displayed on the Reject Report (Report TSPS01 RPT 02) and the following fatal error message will apply: *"TSP-Separation Date cannot be a future date. Check the separation date and immediately resubmit the Employee Data Record (01-Record) with the correct date. Failure to resubmit a correct 01-Record will delay processing a withdrawal."*

The Employee Data Record (01-Record) will be deleted and not posted to the participant's TSP account. The agency payroll office must research the separation information and resubmit the Employee Data Record (01-Record) with the correct separation date.

- C. If a participant's agency payroll office submits a TSP-Separation Code of **"R"** on an Employee Data Record (01-Record) after this code is eliminated, the record will be displayed on the Reject Report (Report TSPS01 RPT 02); however, the **"R"** code will be automatically changed to an **"S"** code by the TSP System and the Employee Data Record (01-Record) will be posted to the participant's TSP account with a TSP-Separation Code of **"S"**. The following non-fatal error message will apply: *"TSP-Separation Code 'R' is no longer a valid TSP-Separation Code. The TSP-Separation Code on this Employee Data Record (01-Record) was changed by the TSP System to Code 'S.'" If this separation was an OPM-approved disability retirement, submit a new 01-Record with a TSP-Separation Code "B" immediately; if there was no separation, submit TSP-Separation Code "N"; if the participant transferred to another Federal agency or payroll office, submit TSP-Separation Code "T"; or if the*

participant died, submit TSP-Separation Code “D”. Your incorrect reporting of this separation may result in adverse tax consequences to this participant.”

The agency payroll office must research the separation information. If TSP-Separation Code **“B”** should have been submitted for an OPM-approved disability retirement or if the TSP-Separation Code should have been **“D”** or **“T”**, the agency payroll office must resubmit the Employee Data Record (01-Record) with the correct separation code. If the TSP-Separation Code **“R”** was submitted in error for a participant who did not separate, a TSP-Separation Code **“N”** must be submitted to correct the erroneous submission of a separation. If the separation is a routine separation or retirement, no action is required by the agency payroll office, because the TSP-Separation Code **“R”** which was submitted by the agency payroll office was changed to TSP-Separation Code **“S”** by the TSP System and posted to the participant’s TSP account.

- D. If a participant’s agency payroll office submits an invalid TSP-Separation Code (e.g., Code **“3”** or Code **“#”**) on an Employee Data Record (01-Record), the record will be deleted and not posted to the participant’s TSP account. The record will be displayed on the Reject Report (Report TSPS01 RPT 02) and the following fatal error message will apply: *“TSP-Separation Code is invalid. Check the TSP-Separation Code and immediately resubmit the Employee Data Record (01-Record) with the correct code if a separation or transfer has occurred. Failure to resubmit a correct 01-Record will delay processing a withdrawal.”*

The agency payroll office must research the separation information and resubmit the Employee Data Record (01-Record) with the correct separation code, if the participant separated (or transferred). If the participant did not separate or transfer to another Federal agency or payroll office, no action is required by the agency payroll office.

- E. If a participant’s agency payroll office submits a TSP-Separation Code **“B”** and then submits a subsequent TSP-Separation Code **“S”**, **“R”**, **“D”**, **“N”**, or **“T”**, the record will be displayed on the Reject Report (Report TSPS01 RPT 02) as a non-fatal error. However, the Employee Data Record (01-Record) containing the subsequent TSP-Separation Code will be posted to the participant’s TSP account. The purpose of this edit is to provide the agency payroll office with information that the separation code that was previously submitted has been changed by the agency payroll office. The payroll

office should verify the separation status to ensure that the code was changed by the agency correctly. The following non-fatal error message will apply. *“TSP-Separation Code has been changed from “B”. Check the participant’s separation status to ensure that this is not an OPM-approved disability retirement. If the separation was due to an OPM-approved disability retirement, immediately resubmit the Employee Data Record (01-Record) with TSP-Separation Code “B”. Your incorrect reporting of this separation may result in adverse tax consequences to this participant.”*

The agency payroll office must research the separation information. If the subsequent TSP-Separation Code was submitted correctly, no action is required by the agency payroll office. However, if the subsequent TSP-Separation Code was submitted incorrectly by the agency payroll office, the correct TSP-Separation Code must be immediately resubmitted to avoid any adverse tax consequences to the participant.

- F. If a participant’s agency payroll office submits a TSP-Separation Code of **“S”**, **“R”**, **“D”**, **“N”**, or **“T”**, and then submits a subsequent TSP-Separation Code **“B”**, the record will be displayed on the Reject Report (Report TSPS01 RPT 02) as a non-fatal error. However, the Employee Data Record (01-Record) containing the TSP-Separation Code **“B”** will be posted to the participant’s TSP account. The purpose of this edit is to provide the agency payroll office with information that the separation code has been changed by the agency payroll office. The payroll office should verify the separation status to ensure that the code was changed correctly. The following non-fatal error message will apply. *“TSP-Separation Code has been changed to “B”. Check the participant’s separation status to ensure that this is an OPM-approved disability retirement. If the separation was not due to an OPM-approved disability retirement, immediately resubmit the Employee Data Record (01-Record) with the correct TSP-Separation Code. A separation that is reported incorrectly may result in incorrect tax treatment for this participant.”*

The agency payroll office must research the separation information. If the subsequent TSP-Separation Code was submitted correctly, no action is required by the agency payroll office. However, if the subsequent TSP-Separation Code was submitted incorrectly by the agency payroll office, the correct TSP-Separation Code must be resubmitted immediately to avoid an incorrect tax treatment to the participant.

- G. If a participant's agency payroll office submits a TSP-Separation Code of "**B**", "**S**", "**R**", "**D**", "**N**", or "**T**", and then submits a subsequent Employee Data Record (01-Record) and the TSP-Separation Code field is blank (which should indicate that the participant has been rehired), the record will be displayed on the Reject Report (Report TSPS01 RPT 02) as a non-fatal error. However, the new Employee Data Record (01-Record) containing the blank TSP-Separation Code field will be posted to the participant's TSP account. The purpose of this edit is to provide the agency payroll office with information that the previously submitted TSP-Separation Code has been overlaid by the agency payroll office. The payroll office should verify the separation status to ensure that the participant has been rehired. The following non-fatal error message will apply. *"TSP-Separation Code has been overlaid with a Blank. Check the participant's separation status to ensure that this participant is not separated. If the participant is separated, immediately resubmit the Employee Data Record (01-Record) with the correct TSP-Separation Code. Your incorrect reporting of this separation may prevent a participant's withdrawal or may result in adverse tax consequences to this participant if a withdrawal occurs."*

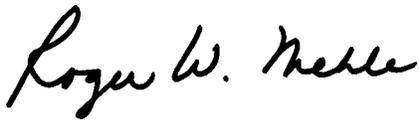
The agency payroll office must research the separation information. If the subsequent Employee Data Record (01-Record) with a blank in the TSP-Separation Code field was submitted correctly because the participant has been rehired, no action is required by the agency payroll office. However, if the subsequent Employee Data Record (01-Record) with a blank in the TSP-Separation Code field was submitted incorrectly by the agency payroll office, the correct TSP-Separation Code must be resubmitted immediately to avoid any adverse tax consequences to the participant.

- H. If a participant's payroll office submits a TSP-Date-of-Birth that indicates the participant is less than 16 years old, the record will be displayed on the Reject Report (Report TSPS01 RPT 02) and the following fatal error message will apply. *"TSP-Date-of-Birth is incorrect. Generally, Federal employees must be at least 16 years old. Resubmit the Employee Data Record (01-Record) immediately with the correct TSP-Date-of-Birth for this participant."*

The agency payroll office must research the date of birth and resubmit the Employee Data Record (01-Record) with the correct date of birth.

For those payroll offices that cannot change their payroll systems by the January 1, 1995, deadline to accommodate the changes to the TSP Separation Codes, correct separation data can be submitted to the TSP recordkeeper on Form TSP-5, Employee Data/Payment/Adjustment Record Input Form. This form will be revised to incorporate the separation code changes and will be issued in a subsequent TSP Bulletin. In addition, the TSP recordkeeper is currently revising the PC Program which is used to submit Form TSP-5 data; the PC program will include the new separation code changes. Subsequent TSP Bulletins will announce the revised Form TSP-5 and the distribution of the revised PC Program.

Agency representatives should ensure that all individuals within the agency who process TSP separations are aware of the changes included in this TSP Bulletin. Agency representatives are reminded that when a TSP separation is reported to the TSP recordkeeper, all personal information for a participant should be verified and, if necessary, corrected at the time the Employee Data Record (01-Record) containing the TSP-Separation Code and TSP-Separation Date is submitted to the TSP Recordkeeper. Personal information includes such data elements as the participant's Social Security number and date of birth, the participant's address, the TSP-Retirement Code, the TSP-Service Computation Date, the TSP-Vesting Code, the TSP-Separation Code, and the TSP-Separation Date.



ROGER W. MEHLE
Executive Director