



# Loans

General Purpose ♦ Residential ♦ Nonpay Status

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# Things to Consider Before You Borrow

The Thrift Savings Plan was designed to provide you with income after you retire. The amount you will have in your account at retirement depends on the decisions you make—how much you contribute, how you invest, and whether you take money out of your account—before you retire.

The TSP loan program is an important benefit that gives you access to the money in your account. However, taking a loan could result in less money for you at retirement. So, before you borrow from your account, consider the following:

- If your TSP investments earn higher rates of return than the interest rate on the loan, your TSP account will end up being smaller than it would have been if you had not borrowed from it.
- If you are not able to contribute as much to the TSP because of the financial burden of your loan payments, your TSP account will not grow as quickly. If you are a Federal Employees Retirement System (FERS) employee or a uniformed services member covered by the Blended Retirement System (BRS) and you have to reduce your contribution rate to below 5%, you will not receive the full agency/service match.
- A TSP residential loan is not a mortgage. Therefore, the TSP loan interest payments are not tax deductible, as they might be for a mortgage or home equity loan.

Before you take a TSP loan, read this booklet in its entirety to make sure you realize the potential effect a loan has on your retirement income.

# Rules for Borrowing

## Eligibility

You can borrow from your account if all of the following are true:

- You have **at least \$1,000** of your own contributions and associated earnings in your account. (Agency/service contributions and earnings on that money cannot be borrowed.)
- You are **currently employed** as a federal civilian employee or member of the uniformed services. (Separated or retired participants and beneficiary participants are not eligible.)
- You are in **pay status**.<sup>1</sup> (Loan payments are deducted from your pay. Note you can borrow from your TSP account even if you have stopped contributing your own money.)
- You have **not repaid a TSP loan** (of the same type) in full within the past 60 days.
- You have **not had a taxable distribution** on a loan within the past 12 months, unless the taxable distribution resulted from your prior separation from federal service. (See pages 12 – 13 for more information on taxable distributions.)



If you have both a civilian account and a uniformed services account, the eligibility requirements apply to the account from which you intend to borrow.

## Types of Loans

There are two types of loans:

- **General purpose loan** with a repayment period of 1 to 5 years. No documentation is required.
- **Residential loan** with a repayment period of 1 to 15 years. You

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<sup>1</sup> If you are on approved leave without pay to work full time for an employee organization under which your TSP contributions may continue, or if you are on an Intergovernmental Personnel Act (IPA) assignment, you are eligible to apply for a TSP loan, but you may be required to send loan payments directly to us while in this status.

must submit documentation at the time you submit your *Loan Agreement*. (See “Applying for a Loan” beginning on page 6 for more information and Appendix II beginning on page 20 for a full explanation of required documentation.)

A residential loan can be used only for the purchase or construction of a primary residence. The residence can be a house, condominium, shares in a cooperative housing corporation, townhouse, boat, mobile home, or recreational vehicle, **but it must be used as your primary residence**. The residence must be purchased (in whole or in part) by you or your spouse. You can obtain a residential loan for constructing a new residence or purchasing an existing residence. You **cannot** use a residential loan for refinancing or prepaying an existing mortgage, for renovations or repairs, for buying out another person’s share in your current residence, or for the purchase of land only.

You may have **only one general purpose loan and one residential loan** outstanding at any one time. This is a per-account limit. If you have both a civilian account and a uniformed services account, you may have one of each type of loan for each account.

## Minimum and Maximum Loan Amounts

**Minimum loan amount.** The smallest amount you can borrow is \$1,000.

**Maximum loan amount.** The maximum amount you can borrow is the *smallest* of the three “tests” listed here. This is a per-person maximum, not a per-loan or a per-account maximum. No matter how many loans you have—you could have as many as four if you have both a civilian account and a uniformed services account—the total amount you borrow must be at or below the maximum. The combined account balances and outstanding loan amounts are used to calculate for tests 2 and 3.

- (1) Your own contributions and earnings on those contributions in the TSP account from which you intend to borrow (civilian or uniformed services), not including any outstanding loan balance (the Contributions and Earnings Test).
- (2) 50% of your total vested account balance (including any outstanding loan balance) or \$10,000, whichever is greater,

minus any outstanding loan balance (the Internal Revenue Service (IRS) Vested Balance Test).

- (3)** \$50,000 minus your highest outstanding loan balance, if any, during the last 12 months (the IRS \$50,000 Test). **Even if the loan is paid in full, it will still be considered in the calculation if it was open at any time during the last 12 months.** For example, if you took out a loan for \$35,000 and then paid the loan back in full within 12 months, the maximum loan amount you would be eligible to borrow would remain \$15,000 (\$50,000 minus \$35,000, the highest outstanding balance during the last 12 months) even though the money has been returned to your account. **Note:** The above example is based on the assumption that the \$50,000 limit is the lowest of the three maximum loan amount tests.

Your account balance is recalculated at the end of each business day based on that day's closing share prices and any transactions processed for your account that night. Therefore, your maximum loan amount may also change each day. To see the maximum amount you are eligible to borrow, log in to My Account on [tsp.gov](https://tsp.gov) and select "TSP Loans" from the navigation menu. Your maximum loan amount will be displayed in the center of the page.

## Where Your Loan Comes From and is Repaid To

**When you borrow from your TSP account,** the loan is disbursed proportionally from any traditional (non-Roth) and Roth balances in your account. Similarly, if you are a uniformed services member with tax-exempt contributions in your traditional balance, your loan will contain a proportional amount of tax-exempt contributions as well. If your TSP account is invested in more than one fund, your loan is deducted proportionally from the employee contributions (and earnings on those contributions) that you have in each fund.

**When you repay your loan,** your payments (including interest) are deposited back into the traditional (non-Roth) and Roth balances of your account in the same proportion used for your loan disbursement. Repayments are invested in TSP funds according to your existing contribution allocation.

## Interest Rate

**The loan interest rate** you pay for the life of the loan will be the G Fund's interest rate that is in effect on the date that your *Loan Agreement* is generated.

## Nonpay Status

**Loan payments are submitted through payroll deductions.** Therefore, if you are not currently receiving pay (i.e., in nonpay status), you will not be eligible for a TSP loan. See Appendix I on pages 16 – 19 for information about a loan that exists at the time you go into nonpay status.

- For **civilian** TSP participants, nonpay status includes leave without pay and administrative furloughs.
- Most **uniformed services members** will never be in nonpay status. However, if you are a member of the Ready Reserve and you have been approved by your command for non-attendance of scheduled drill dates or to perform your yearly drill schedule over a one- or two-month period, you are considered, for TSP purposes, to be in nonpay status during the months you do not drill. When you return to pay status, you may apply for a TSP loan.

**Note:** If your unit does not drill in a given month, you are **not** considered to be in nonpay status. You must submit payment directly to the TSP any month you do not drill or do not get paid for a drill.

## Spouses' Rights

**By law, your spouse has certain rights to your TSP account.**

Therefore, when you request a loan, you must indicate whether you are married, even if you are separated from your spouse. If you are married, the following rules apply:

- **If you are a FERS participant or a member of the uniformed services,** your spouse must consent to your TSP loan by signing the *Loan Agreement*—not the *Loan Application*—that we will send you (or that you print from the TSP website if you request a loan online).

Signing the *Loan Agreement* does not make your spouse responsible for repaying the loan.

- **If you are a CSRS participant**, we must notify your spouse when you apply for a loan.

Exceptions may be approved under certain very limited circumstances. For more information, refer to Form TSP-16, *Exception to Spousal Requirements* (TSP-U-16 for members of the uniformed services), which is available on [tsp.gov](http://tsp.gov) or from your agency or service.

We may pursue, and refer to the Department of Justice for prosecution, any person who attempts to deprive a spouse of his or her TSP rights by forging the spouse's signature, lying about marital status, or taking similar fraudulent actions.

## Court Orders

**If you have a court order against your account, you will not be able to get a loan.** We must honor certain orders, such as those that enforce payment of child support or alimony, or that award a portion of your account to a former spouse. When we receive a court order, a hold is placed on your account. You cannot get a loan until the court order has been satisfied. For more information about court orders, read the TSP booklet *Court Orders and Powers of Attorney*, available from [tsp.gov](http://tsp.gov), the ThriftLine, or your agency/service.

# Applying for a Loan

## How to Apply

If you are applying for a general purpose loan, you might be able to complete the loan application and agreement process entirely online. **But if any of the following are true, then you will have to print out your *Loan Agreement* and submit it to us for processing:**

- You are applying for a residential loan.
- You are requesting funds through an electronic funds transfer (EFT).



- You are a married FERS or uniformed services participant and do not have an approved Form TSP-16 (or TSP-U-16), *Exception to Spousal Requirements*, on file.

Whether or not you can complete the whole process online, the most efficient way to request a loan is through [tsp.gov](https://tsp.gov) as follows:

- **If none of the conditions just listed are true**, then you will be able to complete the process online. Your request will be complete, and there will be nothing to mail, fax, or upload.
- **If any one of the conditions are true**, then you should use the online process, print out the partially completed *Loan Agreement*, complete it, and mail, fax, or upload it along with any additional required information. We must receive the *Loan Agreement* **before** the expiration date at the top of the agreement.

**Important:** A *Loan Agreement* for a residential loan must be accompanied by the required documentation described in Appendix II beginning on page 20 of this booklet. Completing the *Residential Loan Checklist* ([tsp.gov/forms/tsp-21-r-cl.pdf](https://tsp.gov/forms/tsp-21-r-cl.pdf)) will help ensure you include everything that's needed to process the loan.

## Application Fee

We will deduct a \$50 fee from the proceeds of the loan to cover administrative costs. This fee will be deducted proportionally from any traditional (non-Roth) and Roth money included in the loan amount. Your total loan amount will be reduced by the amount of the fee. For example, if you request a loan for \$5,000, we will deduct the \$50 fee, and the amount paid to you will be \$4,950. You cannot send a personal check to us to pay the loan fee.

## Payment Methods

You can request that your loan be sent directly to your financial institution by **electronic funds transfer (EFT)**. EFT is a safer method of payment than issuing a check. Please verify the routing number of your financial institution and your account number **before** you submit this information to us or we may not be able to complete the electronic

payment. EFT payments can be made only to financial institutions in the United States. Remember, if you request an EFT, your loan request cannot be completed online.

If you do not request an EFT, or if the EFT information you provide is incomplete or invalid (and the rest of your form is completed correctly), your loan will be paid to you by check. It will be mailed to the address in your TSP account record. This address will be printed on the first page of your *Loan Agreement*. **If your address is not correct, contact your agency or service to have your correct address submitted to us before you apply for a loan.** Lost, stolen, damaged, or misdirected checks can take 6 weeks or longer to replace.

## Receiving Your Loan

**If you make your loan request on [tsp.gov](https://tsp.gov) AND you are able to complete the process online**, your loan will generally be disbursed from the TSP within 3 business days, and a check will be mailed to you. It may take an additional 5 to 10 business days to receive the check.

**If you complete a paper *Loan Agreement***, it may take several weeks from the time we receive your properly completed *Loan Agreement* until your loan is processed and you or your financial institution receives your loan. Improperly completed forms or invalid residential loan documentation will delay the processing of your loan. You can check the status of your loan by logging in to My Account on [tsp.gov](https://tsp.gov).

**Your loan may be less than the amount shown on your *Loan Agreement*.** This can occur if the value of your account has declined since the agreement was generated and the amount of employee contributions and their earnings are now less than the requested loan amount. In this case, you will receive your loan in the smaller amount **unless the amount you are eligible to borrow has dropped below the \$1,000 minimum loan amount.** The repayment period will be the same, but your loan payment amount will be reduced.

**You will receive a written confirmation** of the loan disbursement, which will show the amount disbursed and the required payment amount.

# Repaying a Loan

**Regularly scheduled loan payments are made through payroll deductions.** When your loan is disbursed, we will notify your payroll office immediately to begin deducting loan payments from your salary each pay period. We do not have access to your payroll records and cannot stop, start, or change loan payments. That can only be done by your payroll office. Loan payments can start the first pay date after your payroll office receives the notification but **must start within 60 days of disbursement**. Check your earnings and leave statement to be sure that loan payments have started and that they are in the correct amount.

**It is vitally important that you keep your address up to date so that you promptly receive any notice about the status of your loan.** To change your address, contact your agency or service, not the TSP. But you should contact us to verify that the change has been made. It's especially important to verify your address if you have transferred from one federal agency to another. You can also find copies of all loan notices in the My Account section of [tsp.gov](https://tsp.gov).

**You are responsible for ensuring that correct loan payments are submitted on time.** It does not matter if your agency or service was responsible for a missed loan payment. You must pay the missed amount directly to the TSP using your own personal funds in order to avoid serious tax consequences. (See pages 12 – 13.) Your payroll office cannot make up missed payments from your paycheck.

We will report your loan payments on your **quarterly participant statement**, and provide an annual loan summary on your **annual participant statement**. Review your statements carefully and report any discrepancies to your agency or service. You can also review the loan payments you have made within the last 90 days by logging in to My Account on [tsp.gov](https://tsp.gov).

**If you are a member of the Ready Reserve** whose drilling interval is irregular (that is, other than monthly) or a **civilian with an intermittent pay schedule**, you should think carefully before taking a loan from your TSP account. You are at a greater risk of defaulting on your loan and having to pay taxes and possibly penalties on the

outstanding balance. (See pages 12 – 13.) You must submit payment directly to the TSP any time your agency/service does not.

**You can reamortize your loan at any time as long as your loan is in good standing.** Reamortizing means shortening or lengthening the term of your loan, which changes your payment amount. Reamortization does not change your interest rate, which is permanently set when your loan is first processed. You may do this as long as you do not exceed the 5-year maximum term for a general purpose loan or the 15-year maximum term for a residential loan. There are no restrictions on the number of reamortizations that you can have during the life of a loan, but you should do no more than one per pay period. You can reamortize your loan by logging in to My Account on [tsp.gov](https://tsp.gov) or by calling the ThriftLine. You must ensure that your payroll office begins deducting the new amount from your pay. This is especially important if the reamortization results in a higher payment amount. If, in such a case, your payroll office does not increase your payment amount and you do not submit the additional amount, you may face serious tax consequences. **Do not reamortize as a way of fully paying off your loan.** Instead, see “You can also repay your loan in full” on page 11.

**If you change agencies or payroll offices**—for example, when you transfer from one civilian agency to another, from one component of the uniformed services to another, or from active duty to Ready Reserve—you must inform your new agency or service that you have a TSP loan and instruct it to continue your TSP loan payments. **You are responsible for submitting loan payments directly to us until your new agency or service begins deducting loan payments from your pay.** If you transfer to an agency that has a different pay cycle from your previous agency, you should reamortize your loan to update the pay cycle and avoid missing loan payments. **Important:** Often going to a new agency means a change in your home address. It is vital that you verify that your new agency has changed your address with us and that your loan is in good standing. If we don’t have your correct address and you don’t check online, you will have no way of knowing if your loan is in danger of going into default. This could have serious tax consequences. Log in to My Account on [tsp.gov](https://tsp.gov) to make sure your address is right and your loan is in order.

**You cannot stop your loan payments.** When you agree to the loan terms, you agree to repay the loan in full, and you authorize payroll deductions. (If you go into nonpay status, please see Appendix I, “How Nonpay Status Affects Your TSP Account.”) If you are experiencing financial difficulties and the term of your loan is less than the maximum allowed, you may be able to reamortize your loan to reduce the amount of each payment, but you cannot suspend or stop your loan payments.

**At the end of each calendar quarter (March, June, September, and December), we identify loans with missing loan payments.** If you missed loan payments or paid less than the required amount, we will send two notices to you indicating that you have until the end of the following calendar quarter to pay the missing amount. If the missing amount is not posted to your loan by the deadline given on the notices, you will likely face serious tax consequences. (See pages 12 – 13.)

**You can make additional loan payments** by check or money order at any time to restore your account more quickly or to make up for missed payments. Make your check or money order payable to the Thrift Savings Plan, and send your payment with a *Loan Payment Coupon* (TSP-26). You should fill in the form online and print it out completed. This is the best way to ensure that the information is legible and that your payment is applied as soon as possible. The mailing address is on the coupon. Be sure to provide your complete TSP account number and your loan number on the check or money order **and** the *Loan Payment Coupon* so we can identify your account. You may send a check using online banking. If you do, all of the information required on the coupon needs to be on the check for the payment to be processed. If any information is missing, the posting of the payment will be delayed or your payment may be returned to you. You will receive a notice confirming your payment has been applied to your loan. Please allow several days for processing upon receipt of your payment. See page 23 for more information about making direct payments.

**You can also repay your loan in full** at any time without a prepayment penalty using the same procedures just described for additional loan payments. Log in to My Account on [tsp.gov](https://tsp.gov) or call the ThriftLine to get your payoff amount and the date that amount is good through. If you pay the amount shown in time for it to be applied by the date shown, it will cover all unpaid principal and any interest due, and your loan will be closed.

We will notify you and your payroll office when your loan has been paid in full. If payments continue, contact your payroll office immediately.

## Taxable Distribution

We must declare a **taxable distribution** on the **entire** unpaid balance (including any accrued interest) of your loan in **any** of these situations:

- Your loan is in default (i.e., you miss loan payments or your payments are made for less than the amount required), and you do not submit the amount needed to bring your payments up to date within the time period specified by us.
- You do not repay your loan in full by the maximum term limit (5 years for a general purpose loan; 15 years for a residential loan).
- You separate from federal service and do not repay your loan in full.

The IRS treats the amount of the declared taxable distribution as taxable income. In addition, if you are under age 59½, you may have to pay a 10% early withdrawal penalty tax. Once a taxable distribution has been declared, the loan is closed and you will not be allowed to repay it. (If the loan closure resulted from termination of your employment, see page 14 about using personal funds to make a rollover.)

If any part of your loan is associated with **tax-exempt or Roth contributions**, those contributions will **not** be subject to tax. However, the following conditions apply to Roth **earnings**:

- If the taxable distribution is declared because **you separate from federal service**, any Roth earnings that are not qualified<sup>2</sup> will be subject to tax. However, Roth earnings that are qualified will not be subject to tax.
- If the taxable distribution is declared for another reason (such as a default on your loan), the Roth earnings will be subject to tax,

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<sup>2</sup> Roth earnings become qualified (i.e., paid tax-free) when the following two conditions have been met: (1) 5 years have passed since January 1 of the calendar year in which you made your first Roth contribution **and** (2) you have reached age 59½ or have a permanent disability. **Note:** We 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.

even if you have already met the conditions necessary for your Roth earnings to be qualified.

**A taxable distribution permanently reduces your TSP account.** If we declare a taxable distribution of your loan, your final account balance at retirement will be less than it otherwise would have been.

**A taxable distribution will affect your eligibility for another loan.**

You cannot apply for another loan from that account within 12 months of the date of the distribution unless the distribution was because of separation and you've since been rehired. (See the next section, "Separated Participants.")



Consult the IRS or a tax advisor for information and advice if your loan is declared a taxable distribution. We will send you the appropriate tax form by January 31 of the year after the distribution.

## Separated Participants

This section explains what happens to your TSP loan when you leave federal service, also known as separating. It is important to understand that leaving or separating means **any** of the following:

- Your loan is from your uniformed services TSP account and you are no longer a member of the uniformed services<sup>3</sup> or you are in inactive Ready Reserve duty status.
- Your loan is from your civilian TSP account and you are no longer a federal civilian employee.<sup>3</sup>
- You have transferred to an agency that is not covered by FERS, such as the Federal Reserve or an international agency.
- You are no longer employed by the federal government in any way.

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<sup>3</sup> A loan from your civilian account and a loan from your uniformed services account are completely separate. You cannot make payments on a loan to your civilian account from uniformed services payroll and vice versa. Also, you will not be able to combine accounts until the loan from the account you're separating from is closed.

The requirements and procedures described in this section apply equally to all of the above situations.

If you leave federal service, your loan must be closed within 90 days of the date when your agency or service reports your separation to us. We cannot process a withdrawal from your account until your loan has been closed. During the 90-day period you may

- repay your loan in full;
- partially repay your loan, and receive a taxable distribution on the remaining outstanding balance;<sup>4</sup> or
- receive a taxable distribution of the entire outstanding loan balance.

When your agency or service reports your separation, you will be sent a notice with instructions. If we do not receive payment in full by the required date shown on the notice, a taxable distribution will be declared. (See pages 12 – 13.) You will have to pay federal income tax on any of the unpaid balance of your loan that is taxable. Also, you may be subject to the IRS 10% early withdrawal penalty tax, unless you turn 55 or older in the calendar year in which you separate from federal service.<sup>5</sup>

You may be able to use personal funds to “roll over” any or all of the taxable amount of the distribution back into your TSP account or into another eligible employer plan or an IRA. You thereby avoid taxes and penalties on that amount.<sup>6</sup> You must complete this rollover by the due date (including extensions) for filing your federal income tax return for the year of the taxable distribution. Members of the uniformed services can also roll over tax-exempt amounts to an IRA if the IRA will accept them. You may also want to consult with a tax advisor regarding your eligibility for and the tax consequences of making a rollover.

**If you are a civilian employee who separated to perform military service** and a taxable distribution was declared for the loan from your civilian account, you may be eligible to reverse the distribution when you

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4 If you have both traditional and Roth money, all loan payments are applied to the two balances pro rata. You cannot choose to repay only traditional money and keep the rest tax-free.

5 This is reduced to age 50 if you are a public safety employee as defined in section 72(t)(10)(B)(ii) of the Internal Revenue Code.

6 Taxable distributions resulting from default while you are still employed are not permitted to be rolled over.



return to federal civilian service. For more information, see the fact sheet *TSP Benefits That Apply to Members of the Military Who Return to Federal Civilian Service*, available on [tsp.gov](http://tsp.gov).

**In the event of your death**, the outstanding loan balance plus any unpaid interest is reported as a taxable distribution to your estate. Your loan cannot be repaid by your estate or anyone else. The distribution is **not** subject to an early withdrawal penalty tax. However, any nonqualified Roth earnings included in the distribution will be subject to federal tax.

# Appendix I

## How Nonpay Status Affects Your Existing TSP Loan

If you go into approved nonpay status while you have an outstanding TSP loan, you may temporarily suspend your obligation to make payments on the loan. Interest on your loan will continue to accrue while loan payments are suspended. For this reason, you may want to continue making loan payments while you're not getting paid. (Follow the procedure for making additional loan payments described on page 11.)

With one exception, your loan payment suspension lasts until you return to pay status or until one year passes, whichever comes first. The exception is when you're in nonpay status from your civilian job to perform military service. In that case, you may suspend payments until you return to pay status, even if it's longer than one year. The maximum term of your loan will be extended by the length of your military service. If that is your situation, please take note of the following:

- If the nonpay documentation submitted to us does not specify that you are in nonpay status to perform military service, the suspension of your loan payments cannot exceed the one-year period described above.
- Your service cannot make deductions from your uniformed services pay as a way of making payments on the loan from your civilian account.
- If your civilian agency reports you as separated rather than in nonpay status, you will be required to pay off the loan in full within 90 days or risk having the balance declared a taxable distribution. (See pages 12 – 13.)

**Note to members of the Ready Reserve:** If you have a loan from your civilian account with an interest rate higher than 6% and you are called to active military duty, you may elect to lower the interest rate to 6% for the period of your military duty, subject to the Service Members Civil Relief Act (50 U.S.C. App. § 501). Write or call us for more information.

# How to Start and Stop Nonpay Status<sup>1</sup>

Ask your agency or service to submit one of the following to us when your nonpay status begins:

- Form TSP-41, *Notification to TSP of Nonpay Status*
- Form SF-50, *Notification of Personnel Action*
- A letter on agency or service letterhead signed by an appropriate agency official (or your commander or adjutant) and containing your name, Social Security number, the beginning date of the nonpay status, the type of nonpay (military or general), the type of account (civilian or uniformed services), and the signature and title of the agency or service representative providing the information.

Or you may submit a copy of your military orders directly to us.

It is **your** responsibility to ensure that we receive the proper documentation (including whether your nonpay status is due to military service or other reasons) **immediately after** you enter nonpay status. We will then send you confirmation that your loan has been placed into nonpay status. If we do not receive proper notice of your nonpay status, you must send loan payments directly to us or risk defaulting on your loan. If you receive a notice of missing payments, you must submit nonpay documentation prior to the declaration of a taxable distribution. You will not be able to have payments suspended after a taxable distribution has been declared. (See pages 12 – 13.)

## Resuming Payments From Payroll

The suspension of your obligation to make loan payments will end in one of two ways:

- A year passes and you remain in nonpay status for a reason other than performing military service. (The suspension ends at the end of the calendar quarter (March, June, September, or December) following the expiration of your one-year limit.)

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<sup>1</sup> There is a different procedure if your nonpay status results from a lapse in appropriations. In such a case, you, not your agency or service, should submit Form TSP-45, *Notification to TSP of Furlough Status*, to the TSP. Visit [tsp.gov](http://tsp.gov) for the most up-to-date information and instructions when the lapse in appropriations happens.

- You or your agency or service provides us with proper documentation that your nonpay status has ended. These are the same documents used to begin nonpay status. (See page 17.)

Once either of these things happens, we will automatically reamortize your loan, and your loan payments made by payroll deductions must resume. (We will take into account any loan payments we received during the nonpay period.)

Your reamortized loan payments must repay your loan by the maximum time allowed. (Remember that the maximum terms are 5 years for a general purpose loan and 15 years for a residential loan, extended by the length of your military service if that's the reason you were in nonpay status.) If your current loan payment amount will repay your loan, including the interest that accrued while payments were suspended, within this time period, your loan payment amount will not be changed; the term of your loan will just be extended. However, if your current loan payment amount will not repay the reamortized loan in full within this time period, your loan payment amount will be increased. If you are in a position that routinely goes into nonpay status, be aware that your loan payments could increase substantially over the term of the loan.

If your suspension of loan payments ends because you have been in nonpay status for a reason other than serving in the military for more than one year, you must begin making loan payments directly to us to avoid being in default. Your payments must begin once you have received confirmation of your reamortization, even if you are still in nonpay status. **Note:** We will not automatically remove the nonpay hold on your account when your loan is reamortized after you reach the one-year limit. This will happen only when you return to pay status and you or your agency or service submits the proper documentation. Your return to pay status will not result in a second automatic reamortization.

**Note:** If you are on approved leave without pay to **work full time for an employee organization (such as a union)** under which your TSP contributions may continue, or you are on an **Intergovernmental Personnel Act (IPA)** assignment, you are not in nonpay status for purposes of TSP loans. If neither your temporary or permanent payroll office submits loan payments to us, you must continue making your loan payments by submitting them directly to us using your own personal

funds. See your personnel or benefits officer for information about your TSP account.



For more information about how nonpay status affects TSP loans, see the fact sheet *Effect of Nonpay Status on Your TSP Account*. For cases involving a lapse in appropriations, see *Frequently Asked Questions About TSP Loans During a Lapse in Appropriations*. Both fact sheets are available on [tsp.gov](https://tsp.gov).

# Appendix II

## Requirements for Residential Loan Documentation

When you submit a *Loan Agreement* for a residential loan, you must provide supporting documentation that shows the costs associated with the purchase or construction of your primary residence.<sup>1</sup> We must receive this documentation before your loan can be approved. ***Loan Agreements received without the required documentation will be rejected.*** On each document you submit, write your name, TSP account number, and TSP loan number. Do not submit original documents; they will not be returned. You should also include a completed *Residential Loan Checklist*, which can be found at [tsp.gov/forms/tsp-21-r-cl.pdf](https://tsp.gov/forms/tsp-21-r-cl.pdf).

### All of your documentation must

- be from a third party (that is, someone who is selling the home to you or building it for you);
- be dated no more than 24 months before the expiration date on the TSP *Loan Agreement*;
- show that you or your spouse is the purchaser or that the residence is being built for you;
- show the purchase or construction price;
- show the full address of the primary residence;
- show signatures of the buyer and seller (contracts only);
- be in English or accompanied by an English translation that is certified to be accurate by a third party (call the ThriftLine for more information); and
- if the price is in a foreign currency, the conversion to U.S. dollars, along with documentation of the conversion rate and its source.

**Note:** A buyer/broker agreement or a mortgage application or statement is **not** an acceptable form of documentation. However, other forms of

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<sup>1</sup> A primary residence is one that you plan to live in for most of the year. A vacation home or a second home is not considered a primary residence.

documentation may be adequate under certain circumstances (e.g., legal/court documentation for auction purchases). If you are unsure if your documentation is acceptable, contact us before submitting it.

## Acceptable Types of Documentation

### Purchase of House/Townhouse/Condo

- Contract, **or**
- Final (not estimated) settlement sheet

**Construction of New Home**—Your documentation must clearly show that an entire home is being built and that your expenses total at least the loan amount you are requesting.

- Construction contract(s), **or** some combination of the following:
  - ◆ Building permits
  - ◆ Blueprints
  - ◆ Utility permits
  - ◆ Material receipts

### Purchase of Co-op

- Documentation showing that you own shares in a co-op, **and** at least one of the following:
  - ◆ Complete purchase contract showing the sale price, **or**
  - ◆ Final (not estimated) settlement sheet

### Purchase of Mobile Home<sup>2</sup>

- Contract with serial number (or other identifying number) **and**
- Address where vehicle will be located

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<sup>2</sup> A mobile home is a house trailer that can be installed on a permanent site and used as a home. Although a mobile home is movable, it requires another vehicle to transport it from one site to another.

## Purchase of Recreational Vehicle (RV)<sup>3</sup>

- Contract with serial number (or other identifying number),
- Address where vehicle will be located,
- Description of vehicle's facilities and accommodations, **and**
- Signed statement that RV will be your primary residence

## Purchase of Boat

- Contract with serial number (or other identifying number),
- Description of the onboard facilities and accommodations,
- Letter from marina or other location where the boat will be moored, **and**
- Signed statement that the boat will be your primary residence



RVs and boats are commonly used solely for recreational purposes or only on a part-time basis (e.g., summer travel). So we are more strict about the documentation needed to show that the RV or boat can and will be your primary residence.

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<sup>3</sup> A recreational vehicle (RV) is a motorized wheeled vehicle that can be used as a home. It does not require the use of another vehicle to move it from one location to another.



# Appendix III

## Checklist for Making Loan Payments Directly to the TSP<sup>1</sup>

- ✓ Complete a *Loan Payment Coupon* on [tsp.gov](http://tsp.gov) and print the fully completed coupon. This is the best way to ensure that the information is legible and that your payment is applied as soon as possible. Be sure to include your TSP account number and your loan number. Otherwise, your payment will be delayed or returned to you. If you do not know your loan number, log in to My Account on [tsp.gov](http://tsp.gov) or call the ThriftLine at 1-877-968-3778.
- ✓ Make your payment with a personal check, cashier's check, or money order made payable to the Thrift Savings Plan.
- ✓ Sign your check. Do not send cash.
- ✓ If you want to make payments for more than one loan, send a separate check (or money order) and coupon for each loan.
- ✓ Do not send correspondence or other TSP forms with the coupon.
- ✓ Mail the coupon and your check to:

**Thrift Savings Plan  
P.O. Box 979004  
St. Louis, MO 63197-9000**

Send overnight deliveries to:

**U.S. Bank  
Box 9004  
Government Lockbox SL-MO-C2GL  
1005 Convention Plaza  
St. Louis, MO 63101**

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<sup>1</sup> Regularly scheduled loan payments are made through payroll deductions. Use this checklist if you would like to make additional loan payments to restore your account more quickly or to make up for missed payments.

# Sources of Loan Information

**The TSP website, [tsp.gov](https://tsp.gov), offers the following:**

- General information about the loan program, including the current loan interest rate
- Forms and publications
- Loan calculator to estimate loan payments based on specific terms
- *Residential Loan Checklist*

**In the My Account section, you can do the following:**

- Learn the amount in your TSP account that is available for you to borrow
- Obtain the current loan interest rate
- Estimate the amount or repayment term of your loan payments
- Start (and possibly complete) a loan request
- Check the status of your loan request
- Change the terms of your loan
- Obtain your outstanding loan balance
- See your overdue loan (cure) amount if you have missed a payment
- Get prepayment information

## **TSP ThriftLine, 1-877-968-3778\***

**With your account number and personal identification number, you can use the automated system to do the following:**

- Obtain the current loan interest rate
- Check the status of your loan request
- Get prepayment information

**By speaking to a Participant Service Representative, you can do the following:**

- Learn the amount in your TSP account that is available for borrowing.

\*Outside the U.S. and Canada, call 404-233-4400 (not toll-free).

Forms and correspondence (other than loan payments) should be mailed to:

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

Or faxed to:

**1-866-817-5023**

