



AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

Eugene Hudson, Jr.
National Secretary-Treasurer

J. David Cox, Sr.
National President

Augusta Y. Thomas
NVP for Women & Fair Practices

June 20, 2017

The Honorable Trey Gowdy
Chairman
House Oversight and Government
Reform Committee
Washington, DC 20515

The Honorable Elijah E. Cummings
Ranking Member
House Oversight and Government
Reform Committee
Washington, DC 20515

Dear Chairman Gowdy and Ranking Member Cummings:

On behalf of the American Federation of Government Employees, AFL-CIO (AFGE), which represents more than 700,000 federal and District of Columbia government employees, in nearly 70 agencies, I write to strongly support the, “TSP Modernization Act of 2017,” introduced by Ranking Member, Representative Elijah Cummings (D-MD) and Subcommittee Chairman, Representative Mark Meadows (R-NC). This legislation would provide more flexibility for federal employees to manage their retirement savings through the Thrift Savings Plan (TSP)—a retirement savings and investment plan for federal employees and members of the uniformed services.

The federal government’s TSP provides federal employees with extremely low administrative and investment fees, pre-tax and after-tax withdrawal options, and an employer contribution. Despite many employee benefits, the TSP does not provide sufficient options for withdrawals while in federal service, or much flexibility involving annuity payments. In fact, federal employees who are 59 ½ years of age or older are permitted to make one withdrawal from their TSP either during or after federal service. The “TSP Modernization Act of 2017,” will allow federal employees to make more than one withdrawal from their TSP while in federal service upon reaching age 59 ½, and permit multiple age-based and post-separation withdrawals. The Act will also give federal employees more autonomy over the timing and amount of their payments and annuity payments from TSP when managing their personal finances.

Since 2010, federal employees have had \$182 billion taken from their pay as a result of three years of pay freezes, furloughs, sequestration and increased employee retirement contributions. In addition to these losses in compensation and benefits, the cost of living has continued to rise. Nonetheless, federal employees save for retirement and pay into their TSP accounts.

Federal employees should have options that allow for flexibility for financial emergencies and life events. The “TSP Modernization Act of 2017,” not only gives federal employees more flexibility and a better opportunity to manage their financial future, but also creates more incentive for federal employees and retirees to keep their money in the TSP, rather



than roll it over to more expensive private financial plans. AFGE fully supports the “TSP Modernization Act of 2017.”

Sincerely,

A handwritten signature in black ink, appearing to read "T.S. Kahn".

Thomas S. Kahn

Legislative Affairs Director

American Federation of Government Employees, AFL-CIO