

# Tax Treatment for TSP Payments

Type of TSP Payment	Type of Payment for IRS Purposes	May I Transfer or Roll Over the Payment? <sup>1</sup>	What Is the Withholding Rate?	May I Increase Withholding (using IRS Form W-4P <sup>2</sup> )?	May I Decrease Withholding (using IRS Form W-4P <sup>2</sup> )?	May I Waive Withholding (using IRS Form W-4P <sup>2</sup> )?
Single payment full withdrawal after separation	Eligible rollover distribution	Yes	20% mandatory	Yes — complete line 3	No	No
Monthly payments for less than 10 years (requested dollar amount) <sup>3</sup>	Eligible rollover distribution	Yes	20% mandatory	Yes — complete line 3	No	No
Monthly payments for 10 years or more (requested dollar amount) <sup>4</sup>	Periodic payments	No	As if married with 3 dependents	Yes — complete line 2 to change exemption and line 3 for additional dollar amount	Yes — complete line 2	Yes — complete line 1
Monthly payments based on the IRS life expectancy table <sup>4</sup>	Periodic payments	No	As if married with 3 dependents	Yes — complete line 2 to change exemption and line 3 for additional dollar amount	Yes — complete line 2	Yes — complete line 1
Automatic cash-out (less than \$200)	Eligible rollover distribution	Rollover only	None	Not applicable	Not applicable	Not applicable
Partial withdrawal after separation	Eligible rollover distribution	Yes	20% mandatory	Yes — complete line 3	No	No
Required minimum distribution payments <sup>5</sup>	Non-periodic payments	No	10%	Yes — complete line 3	No	Yes — complete line 1
Final single payment after a series of monthly payments	Eligible rollover distribution	Yes	20% mandatory	Yes — complete line 3	No	No
Age-based in-service withdrawal	Eligible rollover distribution	Yes	20% mandatory	Yes — complete line 3	No	No
Financial hardship in-service withdrawal	Non-periodic payment	No	10%	Yes — complete line 3	No	Yes — complete line 1
Loan taxable distribution — default by separation	Eligible rollover distribution	Rollover only (using personal funds)	We cannot withhold because the money was already paid to you	Not applicable	Not applicable	Not applicable
Loan taxable distribution — default while still employed	Non-periodic payment	No	We cannot withhold because the money was already paid to you	Not applicable	Not applicable	Not applicable
Court order payment to a current or former spouse	Eligible rollover distribution	Yes	20% mandatory	Yes — complete line 3	No	No
Court order payment not to a current or former spouse	Non-periodic payment	No	10%	Yes — complete line 3	No	Yes — complete line 1
Death benefit to a spouse beneficiary	Eligible rollover distribution	Yes	20% mandatory	Yes — complete line 3	No	No
Death benefit to a non-spouse beneficiary	Non-periodic payment	May only be transferred to an “inherited” IRA	10%	Yes — complete line 3	No	Yes — complete line 1
Annuity purchase	Not reported to the IRS by the TSP; payments will be reported for tax purposes by the annuity provider					

<sup>1</sup> There are rules, and in the case of Roth IRAs, certain restrictions, that determine a participant's eligibility to make the transfer or rollover. See “Transferring or Rolling Over Your TSP Distribution” on pages 1 and 3 for more information.

<sup>2</sup> Be sure to complete, sign, and date IRS Form W-4P, “Withholding Certificate for Pension or Annuity Payments,” before you submit it to the TSP with your withdrawal request.

<sup>3</sup> If the payment is satisfying the IRS required minimum distribution amount, it is treated as a non-periodic payment. See the “Required minimum distribution payments” section of this chart.

<sup>4</sup> Payments are treated as periodic even if they are satisfying the IRS required minimum distribution amount.

<sup>5</sup> Required minimum distributions are not treated as non-periodic payments (for IRS purposes) if they are part of monthly payments that are expected to be paid over 10 or more years or are part of monthly payments that are based on the IRS life expectancy table. In these cases, taxes are based on withholding for a married person with 3 dependents, under the IRS withholding rules for periodic payments.