Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

5 CFR Parts 1600, 1601, and 1651

Default Investment Fund

AGENCY: Federal Retirement Thrift Investment Board

ACTION: Proposed rule with request for comments.

SUMMARY: The Federal Retirement Thrift Investment Board (Agency) proposes to amend its regulations to change the default investment fund for certain participants in the Thrift Savings Plan (TSP).

DATES: Submit comments on or before August 12, 2015.

ADDRESSES: You may submit comments using one of the following methods:

- *Federal Rulemaking Portal: http://www.regulations.gov* at Docket ID number FRTIB–2015–0002. Follow the instructions for submitting comments.
- *Mail:* Office of General Counsel, Attn: James Petrick, Federal Retirement Thrift Investment Board, 77 K Street NE., Suite 1000, Washington, DC 20002.
- *Hand Delivery/Courier:* The address for sending comments by hand delivery or courier is the same as that for submitting comments by mail.
- *Facsimile:* Comments may be submitted by facsimile at (202) 942–1676.

The most helpful comments explain the reason for any recommended change and include data, information, and the authority that supports the recommended change.

FOR FURTHER INFORMATION CONTACT: Austen Townsend at (202) 864–8647.

SUPPLEMENTARY INFORMATION: The Agency administers the TSP, which was established by the Federal Employees' Retirement System Act of 1986 (FERSA), Public Law 99–335, 100 Stat. 514. The TSP provisions of FERSA are codified, as amended, largely at 5 U.S.C. 8351 and 8401–79. The TSP is a tax-deferred retirement savings plan for Federal civilian employees, members of the uniformed services, and spouse beneficiaries. The TSP is similar to cash or deferred arrangements established for private-sector employees under section 401(k) of the Internal Revenue Code (26 U.S.C. 401(k)).

On December 18, 2014, the President signed the Smart Savings Act (''the Act''), Public Law 113–255 (128 Stat. 2920). The Act directed the Agency to invest any sums available for investment in the TSP for which an election has not been made in an age-appropriate target date asset allocation investment fund. The Act excluded contributions made by members of the uniformed services for which an election has not been made. This proposed rule would conform the Agency's regulations to the requirements of the Act.

New Default Investment Fund for Certain Participants

This proposed regulation would change the TSP's default investment fund from the TSP's Government Securities Investment Fund (G Fund) to the age-appropriate TSP Lifecycle Fund (L Fund) for the following persons: (1) A civilian employee with a newly established TSP account; (2) a rehired civilian employee who has a zero account balance; and (3) the surviving spouse beneficiary of a deceased TSP participant for whom a beneficiary participant account is established. The default investment fund for uniformed services participants will remain the G Fund as required by the Act. In the case of a rehired civilian participant who has a positive account balance and a contribution allocation in effect, the participant's contribution allocation will remain in effect. In the case of a rehired participant who has a positive account balance and no contribution allocation in effect, the participant's new contribution will continue to be invested in the G Fund. Participants whose default investment fund is the age-appropriate L Fund will receive a notification concerning investment risk before enrollment or as soon as practicable thereafter.

Regulatory Flexibility Act

I certify that this proposed regulation will not have a significant economic impact on a substantial number of small entities. This proposed regulation will affect Federal civilian employees and spouse beneficiaries who participate in the Thrift Savings Plan, which is a Federal defined contribution retirement savings plan created under the Federal Employees' Retirement System Act of 1986 (FERSA), Public Law 99–335, 100 Stat. 514, and which is administered- by the Agency.

Paperwork Reduction Act

I certify that these proposed regulations do not require additional reporting under the criteria of the Paperwork Reduction Act.

Unfunded Mandates Reform Act of 1995

Pursuant to the Unfunded Mandates Reform Act of 1995, 2 U.S.C. 602, 632, 653, 1501–1571, the effects of this proposed regulation on state, local, and tribal governments and the private sector have been assessed. This proposed regulation will not compel the expenditure in any one year of $100 million or more by state, local, and tribal governments, in the aggregate, or by the private sector. Therefore, a statement under section 1532 is not required.

List of Subjects in 5 CFR Parts 1600, 1601, and 1651

Government employees, Pensions, Retirement.

Gregory T. Long,
Executive Director, Federal Retirement Thrift Investment Board.

For the reasons stated in the preamble, the Agency proposes to amend 5 CFR chapter VI as follows:

PART 1600—EMPLOYEE CONTRIBUTION ELECTIONS, CONTRIBUTION ALLOCATIONS, AND AUTOMATIC ENROLLMENT PROGRAM

■ 1. The authority citation for part 1600 continues to read as follows:

Authority: 5 U.S.C. 8351, 8432(a), 8432(b), 8432(c), 8432(j), 8432d, 8474(b)(5) and (c)(1).

■ 2. Amend § 1600.37 by revising the heading, the introductory text, and paragraphs (c) and (d), and by adding paragraph (e) to read as follows:

§ 1600.37 Notice.

The Board shall furnish all new employees and all rehired employees covered by the automatic enrollment

program a notice that accurately describes:

* * * * *

(c) The fund in which the default employee and agency contributions will be invested unless the employee makes a contribution allocation;

(d) The employee's ability to request a refund of any default employee contributions (adjusted for allocable gains and losses) and the procedure to request such a refund; and

(e) That an investment in any fund other than the G Fund is made at the employee's risk, that the employee is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor the Board guarantees any return on the investment.

PART 1601—PARTICIPANTS' CHOICES OF TSP FUNDS

■ 3. The authority citation for part 1601 continues to read as follows:

Authority: 5 U.S.C. 8351, 8432d, 8438, 8474(b)(5) and (c)(1).

■ 4. Amend § 1601.13, by revising paragraphs (a)(3) and (4), redesignating paragraph (a)(5) as (a)(6) and revising it, and adding a new paragraph (a)(5) to read as follows:

§ 1601.13 Elections.

(a) * * *

(3) A uniformed services participant or a participant enrolled prior to [EFFECTIVE DATE OF FINAL REGULATION] who elects for the first time to invest in a TSP Fund other than the G Fund must execute an acknowledgement of risk in accordance with § 1601.33;

(4) All deposits made on behalf of a participant enrolled prior to [EFFECTIVE DATE OF FINAL REGULATION] or a uniformed services participant who does not have a contribution allocation in effect will be invested in the G Fund. A participant who is enrolled prior to [EFFECTIVE DATE OF FINAL REGULATION] and subsequently rehired after [EFFECTIVE DATE OF FINAL REGULATION] and has a positive account balance will be considered enrolled prior to [EFFECTIVE DATE OF FINAL REGULATION] for purposes of this paragraph;

(5) All deposits made on behalf of a participant first enrolled on or after [EFFECTIVE DATE OF FINAL REGULATION] who does not have a contribution allocation in effect will be invested in the age-appropriate TSP Lifecycle Fund; and

(6) Once a contribution allocation becomes effective, it remains in effect until it is superseded by a subsequent contribution allocation or the participant's account balance is reduced to zero. If a rehired participant has a positive account balance and a contribution allocation in effect, then the participant's contribution allocation will remain in effect until a new allocation is made. If, however, the participant has a zero account balance, then the participant's contributions will be allocated to the age-appropriate TSP Lifecycle Fund until a new allocation is made.

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§ 1601.22 [Amended]

■ 5. Amend § 1601.22 by removing paragraph (a)(3).

■ 6. Amend § 1601.33 by revising the first sentence of paragraph (a), to read as follows:

§ 1601.33 Acknowledgement of risk.

(a) A uniformed services participant or a participant enrolled prior to [EFFECTIVE DATE OF FINAL REGULATION] who wants to invest in a TSP Fund other than the G Fund must execute an acknowledgement of risk for that fund. * * *

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PART 1651—DEATH BENEFITS

■ 7. The authority citation for part 1651 continues to read as follows:

Authority: 5 U.S.C. 8424(d), 8432d, 8432(j), 8433(e), 8435(c)(2), 8474(b)(5) and 8474(c)(1).

■ 8. Amend § 1651.2, by revising the last sentence of paragraph (d) to read as follows:

§ 1651.2 Entitlement to funds in a deceased participant's account.

* * * * *

(d) * * * The account will accrue earnings at the G Fund rate in accordance with 5 CFR part 1645 until it is paid out or a beneficiary participant account is established under this part.

■ 3. Amend § 1651.19, by revising the first sentence of paragraph (a) to read as follows:

§ 1651.19 Beneficiary participant accounts.

* * * * *

(a) * * * Regardless of the allocation of the deceased participant's account balance at the time of his or her death, each beneficiary participant account, once established, will be allocated 100 percent to the age-appropriate TSP Lifecycle Fund based on the beneficiary participant's date of birth. * * *

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[FR Doc. 2015–16867 Filed 7–10–15; 8:45 am]

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FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

5 CFR Part 1653

Criminal Restitution Orders

AGENCY: Federal Retirement Thrift Investment Board.

ACTION: Proposed rule with request for comments.

SUMMARY: The Federal Retirement Thrift Investment Board (Agency) proposes to amend its procedures for processing criminal restitution orders to: (1) Require an enforcement letter from the Department of Justice stating that restitution has been ordered under the Mandatory Victims Restitution Act; and (2) provide that the Agency will treat a judgment ordering restitution under the Mandatory Victims Restitution Act as a final judgment. The Agency also proposes to make two technical corrections.

DATES: Submit comments on or before August 12, 2015.

ADDRESSES: You may submit comments using one of the following methods:

- *Federal Rulemaking Portal: http://www.regulations.gov* at Docket ID number FRTIB–2015–0001. Follow the instructions for submitting comments.
- *Mail:* Office of General Counsel, Attn: James Petrick, Federal Retirement Thrift Investment Board, 77 K Street NE., Suite 1000, Washington, DC 20002.
- *Hand Delivery/Courier*: The address for sending comments by hand delivery or courier is the same as that for submitting comments by mail.
- *Facsimile:* Comments may be submitted by facsimile at (202) 942–1676.

The most helpful comments explain the reason for any recommended change and include data, information, and the authority that supports the recommended change.

FOR FURTHER INFORMATION CONTACT: Laurissa Stokes at (202) 942–1645.

SUPPLEMENTARY INFORMATION: The Agency administers the Thrift Savings Plan (TSP), which was established by the Federal Employees' Retirement System Act of 1986 (FERSA), Public Law 99–335, 100 Stat. 514. The TSP provisions of FERSA are codified, as amended, largely at 5 U.S.C. 8351 and 8401–79. The TSP is a tax-deferred retirement savings plan for Federal