fluctuations in value after the end of the month. Failure to remove funds scheduled for withdrawal from the C and F Funds on the last day of the month would result in all other accounts having to absorb the fluctuations in the C and F Fund values after the end of the month. However, a person with money in the C or F Funds can change (but not cancel) his or her withdrawal election after the cutoff date if, under the changed election method, there is no change in the amount to be withdrawn from the C and F Funds as originally scheduled.

Section 1650.14(d) provides an example to illustrate the treatment of elections to change withdrawal methods made by participants whose accounts are invested in the C or F Funds.

Subpart C of part 1650 sets forth procedures adopted by the Board for processing TSP withdrawal elections and payments.

Section 1650.15 sets forth the information that must be provided by the employing agency both to the TSP and to the participant at the time of the participant's separation from Government employment.

Section 1650.15(a) requires the agency to inform the TSP recordkeeper of the participant's separation from Government employment. This is done by submitting a code indicating the separation from employment and the date of separation. Until this information is received, the withdrawal cannot be processed. Also, a withdrawal cannot occur until 30 days have elapsed since the date of separation reported by the agency. This interval ensures that normal contributions are received before the date of withdrawal and that the participant has a reasonable period of time after receipt of withdrawal and tax information from the employing agency to make withdrawal and tax withholding decisions. (The 30-day interval described in this section does not operate to enforce the rule stated in § 1650.3 that an employee rehired within 31 days is not permitted to withdraw. As explained earlier, the TSP does not maintain information on the date employees are rehired. Therefore, the 30-day interval could not ensure that employees rehired within that period were not paid. Rather, as provided in § 1650.4, that requirement is enforced by requiring the participant to certify to the length of his or her break in service and his or her employment status.)

Section 1650.15(b) requires the agency to provide certain withdrawal and tax information to the participant at the time he or she separates from employment. The Board relies on the employing agencies to distribute this information to participants. This includes TSP withdrawal materials and forms and the written explanation required by section 402(f) of the Internal Revenue Code. The Code requires plans to furnish this explanation to participants within a reasonable time prior to their withdrawal. In order to facilitate TSP participants' ability to withdraw their accounts in a timely manner, the Board has instructed employing agencies to provide participants with this information when they separate. (The TSP also mails this notice to each participant upon receipt of separation information from his or her agency, unless withdrawal forms have already been received from the participant.)

Section 1650.16 states the basic rule that, in order to withdraw his or her TSP account, a participant must complete the basic TSP withdrawal form (TSP–70) and any other form required by the TSP. As a result of the standardization of TSP withdrawal options accomplished by Public Law 103–226, the Board has been able to devise a withdrawal form that can be used by every participant to make a withdrawal choice under any of the withdrawal methods. Participants with account balances of $3,500 or less are also eligible to receive an ''automatic cashout'' of their accounts which requires no paperwork, as described in § 1650.17.

Section 1650.17 describes the procedures for paying out TSP accounts of $3,500 or less. These procedures differ from those relating to other TSP accounts because of Public Law 101–335. That statute amended title 5 of the United States Code to provide that a separated TSP participant with an account balance of $3,500 or less will automatically be paid the amount in his or her account in a single payment, unless the participant elects another withdrawal method. This payment is referred to as an ''automatic cashout.'' These participants can also choose to leave their accounts in the Plan.

Section 1650.17(c) states that spousal notice and waiver provisions (to be published as subpart D) do not apply to the withdrawal of accounts of $3,500 or less. This also reflects the provisions of Public Law 101–335.

Section 1650.17(d) confirms that the automatic cashout provisions apply only while the account is $3,500 or less. If the account increase to more than $3,500 (due to additional contributions or earnings), these rules cease to apply and the participant must submit withdrawal forms as required in § 1650.16.

Section 1650.17(e) excludes accounts of less than $5.00 from the automatic cashout procedures. Many participants have contacted the TSP asking that they not continue to be sent information about very small account balances. Often these accounts represent amounts deposited into a participant's account after an initial withdrawal, where a former employing agency has discovered that it owned small amounts of lost earnings to a group of employees. (See part 1605 for rules concerning agency paid lost earnings.) The Board has also determined that, for accounts of less than $5.00, it is not prudent to undertake the administrative processing costs associated with an automatic cashout. The Board plans to forfeit these accounts to the Plan automatically under procedures to be developed. The procedures will allow participants to reclaim these amounts, if they wish.

Subpart D contains rules relating to spousal rights that apply when a TSP participant withdraws his or her account.

Section 1650.18 implements the rules regarding the rights of spouses of FERS employees with respect to TSP withdrawals. These rules are found at 5 U.S.C. 8435. As amended by Public Law 103–226, that section requires that spouses of FERS participants with account balances of more than $3,500 waive their right to a joint and survivor annuity before the participant can choose any other form of TSP withdrawal. Section 8435 further requires the Board, if it offers more than one form of a joint life annuity with the spouse, to choose the particular form of annuity which will be purchased if the spouse does not sign a waiver. In accordance with this requirement, which is referred to as the ''signature requirement,'' the Board has chosen the joint life annuity with 50% survivor benefit, level payments, and no cash refund feature. Therefore, § 1650.18(a) prohibits a FERS participant who is married at the time he or she submits a withdrawal request from selecting a withdrawal option other than this form of joint life annuity unless his or her spouse waives this annuity. Section 1650.18(b) states the forms which the spouse must sign to execute a valid waiver. Section 1650.18(c) confirms that these procedures do not apply to FERS participants whose account balances are $3,500 or less.

Section 1650.19(a) implements the requirement found in 5 U.S.C. 8351 (as amended by Public Law 103–226) that CSRS participants with account balances of more than $3,500 cannot withdraw their accounts until their spouses are sent notice of their