



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 17, 2017

S. 873

TSP Modernization Act of 2017

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on July 26, 2017*

S. 873 would expand the withdrawal options for participants in the Thrift Savings Plan (TSP), the federal government's defined-contribution retirement plan. Currently, participants may only make one partial withdrawal after they turn 59½ while employed or one such withdrawal after they retire. (A partial withdrawal is a single withdrawal up to the full balance in the participant's account that is not repeated regularly.) Enacting S. 873 would allow an unlimited number of such withdrawals.

The staff of the Joint Committee on Taxation estimate that enacting S. 873 would affect revenues because TSP participants would be able to withdraw funds differently than under current law and those withdrawals could affect the timing of taxes paid on the withdrawn amounts; those effects, however, would be negligible. Because the bill would affect revenues, pay-as-you-go procedures apply. Enacting the bill would not affect direct spending.

CBO estimates that enacting S. 873 would not increase net direct spending or significantly affect on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 873 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On August 16, 2017, CBO transmitted an estimate for H.R. 3031, as ordered reported by the House Committee on Oversight and Government Reform on July 19, 2017. The two bills are similar and the estimated budgetary effects are the same.

The CBO staff contact for this estimate is Dan Ready. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.