

Rules and Regulations

Federal Register

Vol. 61, No. 225

Wednesday, November 20, 1996

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

5 CFR Part 1645

Allocation of Earnings

AGENCY: Federal Retirement Thrift Investment Board.

ACTION: Final rule.

SUMMARY: The Executive Director of the Federal Retirement Thrift Investment Board (Board) is publishing final regulations describing the Board's allocation of earnings for the three funds in which assets of the Thrift Savings Fund may be invested. These are the Government Securities Investment Fund (G Fund), the Common Stock Index Investment Fund (C Fund), and the Fixed Income Index Investment Fund (F Fund). The final rule reflects policies adopted by the Board since publication of the interim rule on May 2, 1988.

EFFECTIVE DATE: These final rules are effective November 20, 1996.

FOR FURTHER INFORMATION CONTACT: Elizabeth S. Woodruff, Federal Retirement Thrift Investment Board, 1250 H Street, N.W., Washington, D.C. 20005. Telephone: (202) 942-1661. Telefacsimile: (202) 942-1676.

SUPPLEMENTARY INFORMATION: The Federal Retirement Thrift Investment Board (Board) administers the Thrift Savings Plan (TSP) pursuant to the authority vested in it by the Federal Employees' Retirement System Act of 1986 (FERSA), Public Law 99-335, 100 Stat. 514 (1986), which has been codified, as amended, largely at 5 U.S.C. 8401-8479 (1994). The TSP is a tax-deferred retirement savings plan for Federal employees that is similar to cash or deferred arrangements established under section 401(k) of the Internal Revenue Code. Part 1645 describes the process for determining and allocating earnings for each of the three investment funds—the G Fund,

the C Fund, and the F Fund—to individual accounts of participants in the TSP.

The final rule reflects the Board's policies of allocating earnings as of month-end and of applying a single allocation factor for each source of contributions. There has been no change in the formula for calculating the amount of earnings.

On August 30, 1996, the Board published a proposed rule with a request for comments in the Federal Register (61 FR 45906). The Board received no comments on the proposed rule. Therefore, the Board is adopting the provisions of the proposed rule as a final rule without change.

Regulatory Flexibility Act

I certify that these regulations will not have a significant economic impact on a substantial number of small entities. The regulations will affect only internal Board procedures for allocating earnings.

Paperwork Reduction Act

I certify that these regulations do not require additional reporting under the criteria of the Paperwork Reduction Act of 1980.

Unfunded Mandates Reform Act of 1995

Pursuant to the Unfunded Mandates Reform Act of 1995, Public Law 104-4, section 201, 109 Stat. 48, 64, the effect of this regulation on State, local, and tribal governments and on the private sector has been assessed. This regulation will not compel the expenditure in any one year of \$100 million or more by any State, local, or tribal governments in the aggregate or by the private sector. Therefore, a statement under section 202, 109 Stat. 48, 64-65, is not required.

Submission to Congress and the General Accounting Office

Under section 801(a)(1)(A) of the Administrative Procedure Act (APA), as amended by the Regulatory Enforcement Fairness Act of 1996, Public Law 104-121, tit. II, 110 Stat. 847, 857-875 (5 U.S.C. 801(a)(1)(A)), the Board submitted a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the General Accounting Office prior to the publication of this

rule in today's Federal Register. This rule is not a "major rule" as defined in section 804(2) of the APA as amended (5 U.S.C. 804(2)).

List of Subjects in 5 CFR Part 1645

Employee benefit plans, Government employees, Pensions, Retirement.

Federal Retirement Thrift Investment Board
Roger W. Mehle,

Executive Director.

For the reasons set out in the preamble, 5 CFR Part 1645 is amended as set forth below.

PART 1645—ALLOCATION OF EARNINGS

1. The authority citation for Part 1645 continues to read as follows:

Authority: 5 U.S.C. 8439(a)(3) and 5 U.S.C. 8474.

2. Section 1645.1 is amended by revising the definitions of "Allocation date", "Employer contributions", "Forfeitures", "Source", and "Valuation period"; by removing the definitions of "Employer basic contributions" and "Employer matching contributions"; and by adding in alphabetical order the definitions of "Agency automatic (1%) contributions", "Agency matching contributions", and "Month-end account balance", to read as follows:

§ 1645.1 Definitions.

* * * * *

Agency automatic (1%) contributions means contributions made pursuant to 5 U.S.C. 8432(c)(1) or 5 U.S.C. 8432(c)(3).

Agency matching contributions means contributions made pursuant to 5 U.S.C. 8432(c)(2).

* * * * *

Allocation date means the last day of each calendar month.

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Employer contributions means agency automatic (1%) contributions and agency matching contributions.

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Forfeitures means amounts forfeited pursuant to 5 U.S.C. 8432(g)(2) and other nonstatutory forfeited amounts, net of restored forfeited amounts.

* * * * *

Month-end account balance means the value, as of the allocation date, of the funds for each source of contributions in each investment fund, including all earnings, and any

forfeiture, restored forfeited amount, adjustment, earnings correction, loan, withdrawal, or interfund transfer transactions posted as of the allocation date.

* * * * *

Source means the origin of any one of the three types of contributions that are made to the Fund on behalf of participants—employee contributions, agency automatic (1%) contributions, or agency matching contributions.

* * * * *

Valuation period means the calendar month during which earnings accrue.

3. Section 1645.2 is revised to read as follows:

§ 1645.2 Posting of receipts.

Agency and employee contributions and loan repayments will be posted by source and by investment fund to the appropriate individual account on the day they are processed by the recordkeeper.

§ 1645.3 [Amended]

4. Section 1645.3 is amended by revising all references to "Investment Fund" to read "investment fund".

5. Section 1645.4 is revised to read as follows:

§ 1645.4 Administrative expenses attributable to each investment fund.

A portion of administrative expenses accrued during each valuation period will be charged to each investment fund. The investment funds' respective portions will be determined as follows:

(a) Investment managers' fees and other accrued administrative expenses attributable only to the C or F Fund will be charged to the C or F Fund, respectively;

(b) All other accrued administrative expenses will be reduced by forfeitures and earnings on forfeitures accrued during the valuation period;

(c) The amount of accrued administrative expenses not covered by forfeitures under paragraph (b) of this section will be charged on a *pro rata* basis to the investment funds, based on the respective investment fund balances on the last day of the prior valuation period.

6. Section 1645.5 is revised to read as follows:

§ 1645.5 Basis for allocation of earnings.

(a) *Individual account basis.* Except for the amounts described in paragraph (b) of this section, the individual account basis on the earnings allocation date for each source of contributions in each investment fund equals:

(1) The month-end account balance as of the previous allocation date; plus

(2) One-half of contributions posted to the individual account during the current valuation period (except for contributions referred to in paragraph (b) of this section); plus

(3) One-half of all loan repayments posted to the individual account during the current valuation period.

(b) *Inclusion of retroactive contributions.* The individual account basis for agency automatic (1%) contributions will also include all amounts attributable to retroactive contributions that are made to the individual account pursuant to 5 U.S.C. 8432(c)(3) and that are processed by the recordkeeper during the current valuation period.

(c) *Computation of fund basis.* For each valuation period, the total fund basis for each investment fund will be the sum of all individual account bases for all sources of contributions in that investment fund, calculated as described in paragraphs (a) and (b) of this section.

7. Section 1645.6 is revised to read as follows:

§ 1645.6 Earnings allocation for individual accounts.

(a) *Computation of earnings for each individual account.* Earnings for each source of contributions for each investment fund will be allocated to each individual account separately. The total net earnings for each investment fund (as computed under § 1645.3) will be divided by the total fund basis for that investment fund (as computed under § 1645.5(c)). The resulting number (the "allocation factor") will be multiplied by the individual account basis for the respective source of contributions in that investment fund (as computed under § 1645.5(a)), to determine the individual account earnings for the valuation period attributable to that source of contributions in that investment fund. The earnings of the individual account for each source of contributions in each investment fund, when added together, will constitute the earnings for that individual account during the valuation period.

(b) *Residual net earnings.* Amounts allocated to individual accounts may not exceed the total amount of earnings available to be allocated. To avoid allocating excessive amounts, computation of earnings for individual accounts described in paragraph (a) of this section will not include fractions of a cent. Residual net earnings attributable to unallocated fractions of a cent will be allocated with the earnings for the following valuation period.

8. Section 1645.7 is revised to read as follows:

§ 1645.7 Posting of earnings to individual accounts.

For each source of contributions for each investment fund, the amount of earnings computed for each individual account in a valuation period, as described in § 1645.6, will be posted to the individual account as of the allocation date.

[FR Doc. 96-29450 Filed 11-19-96; 8:45 am]

BILLING CODE 6760-01-P

FEDERAL RESERVE SYSTEM

12 CFR Part 219

[Regulation S; Docket No. R-0934]

Reimbursement for Providing Financial Records; Recordkeeping Requirements for Certain Financial Records

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board has approved an amendment to subpart B of its Regulation S. Subpart B cross-references the substantive provisions of a joint rule adopted by the Board and the Department of the Treasury relating to the recordkeeping requirements for funds transfers and transmittals of funds under the Bank Secrecy Act. The amendment clarifies that Regulation S does not apply to any person or transaction or class of persons or transactions that the Treasury has exempted from the joint rule.

EFFECTIVE DATE: December 20, 1996.

FOR FURTHER INFORMATION CONTACT: Louise Roseman, Associate Director, (202/452-2789), Division of Reserve Bank Operations and Payment Systems; Oliver Ireland, Associate General Counsel (202/452-3625), or Elaine Boutilier, Senior Counsel (202/452-2418); Legal Division. For the hearing impaired *only*, contact Dorothea Thompson, Telecommunications Device for the Deaf (TDD) (202/452-3544).

SUPPLEMENTARY INFORMATION: The Bank Secrecy Act,¹ as amended by the Annunzio-Wylie Anti-Money Laundering Act of 1992,² authorizes, and in some cases requires, the Secretary of the Treasury³ and the

¹ Pub. L. 91-508, codified at 12 U.S.C. 1829b and 1951-1959, and 31 U.S.C. 5311-5329.

² Pub. L. 102-550, title XV.

³ The Secretary of the Treasury has delegated the authority to administer the Bank Secrecy Act to the Director of the Financial Crimes Enforcement Network.