



November 1, 2024

***Sent via e-mail***

Dear Chairman Gerber,

The Federal-Postal Coalition, an alliance of thirty organizations representing more than five million active and retired federal and postal employees, most of whom are Thrift Savings Plan (TSP) participants, urges the Federal Thrift Retirement Investment Board (FTRIB) to give participants the option to have state taxes withheld from withdrawals from their taxable TSP accounts. Many private sector financial institutions have long provided similar service to their customers.

The greatest need for this option is when participants must take Required Minimum Distributions (RMDs) from their traditional TSP accounts. For example, a 73-year-old with a \$1 million traditional TSP balance will owe \$2,100 in Virginia income tax on their RMD. Since that participant cannot currently elect to have the FTRIB send that amount to Virginia tax authorities, the retiree must either make quarterly estimated state payments or raise their state tax withholding on other income such as their federal annuity. If the retiree does neither, they face a large underpayment penalty. They must do this every year after their RMDs start. Allowing participants to request state income tax withholding would remove that burden.

TSP participants taking other withdrawals – either in-service or post-separation – would also benefit from having the option to have state taxes withheld from taxable TSP withdrawals. They too currently must either make estimated state tax payments, have a similar amount withheld from other taxable income, or face an underpayment penalty.

The FTRIB already reports TSP withdrawals to the tax authorities of the 38 states that have an income tax. We urge the FTRIB to complete the second half of that interaction by withholding whatever amount, if any, the participant elects.

Thank you for your consideration.

Sincerely,

American Foreign Service Association (AFSA)  
American Postal Workers Union (APWU)  
Association of Federal Government Employees (AFGE)  
Federal Aviation Administration Managers Association (FAAMA)  
Federal Managers Association (FMA)  
International Federation of Professional and Technical Engineers (IFPTE)  
National Active and Retired Federal Employees Association (NARFE)  
National Association of Agriculture Employees (NAAE)  
National Association of Assistant United States Attorneys (NAAUSA)  
National Association of Federal Veterinarians (NAFV)  
National Association of Government Employees (NAGE)  
National Association of Letter Carriers (NALC)

National Association of Postal Supervisors (NAPS)  
National Council of Social Security Management Associations (NCSSMA)  
National Federation of Federal Employees (NFFE)  
National Postal Mail Handlers Union (NPMHU)  
National Rural Letter Carriers Association (NRLCA)  
National Treasury Employees Union (NTEU)  
National Weather Service Employees Organization (NWSEO)  
Patent Office Professional Association (POPA)  
Postal Police Officers Association (PPOA)  
Professional Aviation Safety Specialists (PASS)  
Professional Managers Association (PMA)  
Senior Executives Association (SEA)  
United Postmasters and Managers of America (UPMA)