

# Proposed Rules

Federal Register

Vol. 79, No. 124

Friday, June 27, 2014

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 Part 1653

#### Legal Process for the Enforcement of a Tax Levy or Criminal Restitution Order Against a Participant Account

**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 explain the Board's procedures for responding to tax levies and criminal restitution orders that comply with statutory requirements.

**DATES:** Comments must be received on or before August 26, 2014.

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

- Federal Rulemaking Portal: <http://www.regulations.gov>. 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:** Erin Graham at 202-942-1605.

**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 civilian employees and members of the uniformed services. 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)).

#### Legal Process for the Enforcement of Internal Revenue Service Levies or Restitution Pursuant to the Mandatory Victims Restitution Act

The TSP's governing statute includes an anti-alienation provision that protects funds from execution, levy, attachment, garnishment, or other legal process, except for certain enumerated exceptions that, until recently, did not include federal tax levies. On January 14, 2013 the President signed into law Public Law 112-267, 126 Stat. 2440 (2013), entitled "To amend title 5, United States Code, to make clear that accounts in the Thrift Savings Fund are subject to certain Federal tax levies." The legislation amends 5 U.S.C. 8437(e)(3) to state, "Moneys due or payable from the Thrift Savings Fund to any individual and, in the case of an individual who is an employee or Member (or former employee or Member), the balance in the account of the employee or Member (or former employee or Member) . . . shall be subject to a Federal tax levy under section 6331 of the Internal Revenue Code of 1986." In enacting the amendment to 5 U.S.C. 8437, Congress placed IRS levies in a small company of exceptions which include child support obligations, alimony obligations, and restitution pursuant to the Mandatory Victims Restitution Act (MVRA). Congress has deemed these instances as the only permissible reasons for funds to be diverted from a participant's account. The Agency has previously promulgated regulations governing the payments from accounts in each of these situations. The proposed regulations for levies and criminal restitution will be similar to those previously issued.

The Agency proposes to add a new section, Subpart D, to Part 1653, to explain the Agency's procedures for responding to legal process for the enforcement of a participant's levy or criminal restitution order.

#### Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on

a substantial number of small entities. This regulation will affect Federal employees, members of the uniformed services who participate in the Thrift Savings Plan, and their beneficiaries. The TSP is a Federal defined contribution retirement savings plan created FERSA and is administered by the Agency.

#### Paperwork Reduction Act

I certify that these regulations do not require additional reporting under 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 regulation on state, local, and tribal governments and the private sector have been assessed. This 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 § 1532 is not required.

#### List of Subjects in 5 CFR Part 1653

Taxes, Claims, 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 part 1653 as follows:

#### PART 1653—COURT ORDERS AND LEGAL PROCESSES AFFECTING THRIFT SAVINGS PLAN ACCOUNT

- 1. The authority citation for part 1653 continues to read as follows:

**Authority:** 5 U.S.C. 8432d, 8435, 8436(b), 8437(e), 8439(a)(3), 8467, 8474(b)(5) and 8474(c)(1).

- 2. Subpart D is added to read as follows:

#### Subpart D—Process for the Enforcement of a Participant's Legal Obligation To Pay a Federal Tax Levy or Criminal Restitution Order

Sec.

1653.31 Definitions.

1653.32 Qualifying Federal tax levy.

1653.33 Qualifying criminal restitution order.

1653.34 Processing Federal tax levies and criminal restitution orders.

1653.35 Calculating entitlement.  
1653.36 Payment.

#### **Subpart D—Process for the Enforcement of a Participant's Legal Obligation To Pay a Federal Tax Levy or Criminal Restitution Order**

##### **§ 1653.31 Definitions.**

(a) Definitions generally applicable to the Thrift Savings Plan are set forth at 5 CFR 1690.1

(b) As used in this subpart:

*Criminal restitution order* means a complete copy of the judgment in a criminal case issued by a federal court ordering restitution for a crime described in 18 U.S.C. 3663A.

*Tax levy* means a signed form 668—A served by the IRS for the satisfaction of a federal tax debt.

##### **§ 1653.32 Qualifying Federal tax levy.**

(a) The TSP will only honor the terms of a tax levy that is qualifying under paragraph (b) of this section.

(b) A tax levy must meet each of the following requirements to be considered qualifying:

(1) The Internal Revenue Service issued the levy.

(2) The levy includes a signature certifying that it attaches to a retirement plan.

(3) The levy requires the TSP to pay a stated dollar amount from a TSP participant's account.

(4) The levy is dated no earlier than thirty (30) days before receipt.

(5) The levy is issued in the name of the participant only.

(6) The levy expressly refers to the "Thrift Savings Plan" or describes the TSP in such a way that it cannot be confused with other Federal Government retirement benefits or non-Federal retirement benefits.

(c) The following levies will not be considered qualifying:

(1) A levy relating to a TSP account with a zero dollar account balance;

(2) A levy relating to a TSP account that contains only nonvested money, unless the money will become vested within 30 days of the date the TSP receives the order if the participant were to remain in Government service;

(3) A levy requiring the TSP to make a payment at a specified date in the future;

(4) A levy that does not contain a signature certifying that it applies to retirement plans;

(5) A levy requiring a series of payments;

(6) A levy that designates the specific TSP Fund, source of contributions, or balance from which the payment or portions of the payment shall be made.

##### **§ 1653.33 Qualifying criminal restitution order.**

(a) The TSP will only honor the terms of a criminal restitution order that is qualifying under paragraph (b) of this section.

(b) A criminal restitution order must meet each of the following requirements to be considered qualifying:

(1) The restitution must be ordered in the sentencing of the participant as required by 18 U.S.C. 3663A and 18 U.S.C. 3664.

(2) The restitution order and accompanying documentation must require the TSP to:

(i) Pay a stated dollar amount from a participant's TSP account; or

(ii) Freeze the participant's TSP account in anticipation of an order to pay from the account.

(c) The following orders will not be considered qualifying:

(1) A restitution order relating to a TSP account with a zero dollar account balance;

(2) A restitution order relating to a TSP account that contains only nonvested money, unless the money will become vested within 30 days of the date the TSP receives the order if the participant were to remain in Government service;

(3) A restitution order requiring the TSP to make a payment in the future;

(4) A forfeiture order related to a monetary garnishment of funds;

(5) A restitution order requiring a series of payments from the TSP account;

(6) A restitution order that designates the specific TSP Fund, source of contributions, or balance from which the payment or portions of the payment shall be made.

##### **§ 1653.34 Processing tax levies and criminal restitution orders.**

(a) The payment of tax levies and criminal restitution orders from the TSP is governed solely by the Federal Employees' Retirement Systems Act, 5 U.S.C. chapter 84, and by the terms of this subpart. Although the TSP will honor tax levies or criminal restitution orders properly issued, those entities have no jurisdiction over the TSP and the TSP cannot be made a party to the underlying proceedings.

(b) The TSP will review a tax levy or criminal restitution order to determine whether it is enforceable against the TSP only after it has received a complete copy of the document. Receipt by an employing agency or any other agency of the Government does not constitute receipt by the TSP. Tax levies and criminal restitution orders should be submitted to the TSP record keeper

at the current address as provided at <http://www.tsp.gov>. Receipt by the TSP record keeper is considered receipt by the TSP. To be complete, a tax levy or criminal restitution order must meet all the requirements of § 1653.32 or § 1653.33; it must also provide (or be accompanied by a document that provides):

(1) The participant's TSP account number or Social Security number (SSN); and

(2) The name and mailing address of the payee.

(c) As soon as practicable after the TSP receives a document that purports to be a qualifying tax levy or criminal restitution order, the participant's account will be frozen. After the participant's account is frozen, no withdrawal or loan disbursements will be allowed until the account is unfrozen. All other account activity will be permitted, including contributions, loan repayments, adjustments, contribution allocations and interfund transfers. Once a disbursement from the account is made in accordance with the restitution order or levy, the hold will be removed from the participant's account.

(d) As soon as practicable after receipt of a complete copy of a tax levy or criminal restitution order, the TSP will review it to determine whether it is qualifying as described in § 1653.32 or § 1653.33. The TSP will mail a decision letter to all parties containing the following information:

(1) A determination regarding whether the restitution order or levy is qualifying;

(2) A statement of the applicable statutes and regulations;

(3) An explanation of the effect the restitution order or levy has on the participant's TSP account; and

(4) If the qualifying restitution order or levy requires payment, the letter will provide:

(i) An explanation of how the payment will be calculated and an estimated amount of payment;

(ii) The anticipated date of payment.

(e) The TSP decision letter is final.

There is no administrative appeal from the TSP decision.

##### **§ 1653.35 Calculating entitlement.**

(a) A levy or criminal restitution order can only require the payment of a specified dollar amount from the TSP.

(b) If the restitution order or levy awards a specific dollar amount, the payee's entitlement will be the lesser of:

(1) The dollar amount stated in the levy or restitution order; or

(2) The vested account balance on the date of disbursement, minus any outstanding loan balance.

**§ 1653.36 Payment.**

(a) Payment pursuant to a qualifying levy or criminal restitution order will be made 30 days after the TSP decision letter.

(b) In no case will payment exceed the participant's calculated entitlement.

(c) The entire amount of a restitution order or levy entitlement must be disbursed at one time. A series of payments will not be made. A payment pursuant to a restitution order or levy extinguishes all rights to any further payment under that order or levy, even if the entire amount of the entitlement cannot be paid. Any further award must be contained in a separate restitution order or levy.

(d) If a participant has funds in more than one type of account, payment will be made from each account in the following order, until the amount of the levy or restitution order is reached:

- (1) Civilian account;
- (2) Uniformed services account;
- (3) Beneficiary participant account.

(e) Payment will be made pro rata from the participant's traditional and Roth balances. The distribution from the traditional balance will be further pro-rated between the tax-deferred balance and tax-exempt balance. The payment from the Roth balance will be further pro-rated between contributions in the Roth balance and earnings in the Roth balance. In addition, all payments will be distributed pro rata from all TSP Funds in which the participant's account is invested. All pro-rated amounts will be based on the balances in each fund or source of contributions on the day the disbursement is made.

(f) The payment is taxable to the participant and is subject to ten percent Federal income tax withholding. The tax withholding will be taken from the payee's entitlement and the gross amount of the payment (i.e., the net payment distributed to the payee plus the amount withheld from the payment for taxes) will be reported to the IRS as income to the participant.

(g) A properly paid levy or restitution order cannot be returned to the TSP.

[FR Doc. 2014-14937 Filed 6-26-14; 8:45 am]

BILLING CODE 6760-01-P

**DEPARTMENT OF TRANSPORTATION****Federal Aviation Administration****14 CFR Part 39**

[Docket No. FAA-2013-0929; Directorate Identifier 2013-CE-031-AD]

RIN 2120-AA64

**Airworthiness Directives; DG Flugzeugbau GmbH Gliders**

**AGENCY:** Federal Aviation Administration (FAA), Department of Transportation (DOT).

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to adopt a new airworthiness directive (AD) for any DG Flugzeugbau GmbH Model DG-1000T glider equipped with a Solo Kleinmotoren Model 2350 C engine that would revise AD 2013-22-14. This proposed AD results from mandatory continuing airworthiness information (MCAI) originated by an aviation authority of another country to identify and correct an unsafe condition on an aviation product. The MCAI describes the unsafe condition as engine shaft failure and consequent propeller detachment. We are issuing this proposed AD to require actions to address the unsafe condition on these products.

**DATES:** We must receive comments on this proposed AD by August 11, 2014.

**ADDRESSES:** You may send comments by any of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Fax:* (202) 493-2251.
- *Mail:* U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590.
- *Hand Delivery:* U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this proposed AD, contact Solo Kleinmotoren GmbH, Postfach 60 01 52, D 71050 Sindelfingen, Germany; telephone: +49 07031-301-0; fax: +49 07031-301-136; email: [aircraft@solo-germany.com](mailto:aircraft@solo-germany.com); Internet: <http://aircraft.solo-online.com/>. You may view this referenced service information at the FAA, Small Airplane Directorate, 901 Locust, Kansas City, Missouri 64106. For information on the

availability of this material at the FAA, call (816) 329-4148.

**Examining the AD Docket**

You may examine the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2013-0929; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office (telephone (800) 647-5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

**FOR FURTHER INFORMATION CONTACT:** Jim Rutherford, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4165; fax: (816) 329-4090; email: [jim.rutherford@faa.gov](mailto:jim.rutherford@faa.gov).

**SUPPLEMENTARY INFORMATION:****Comments Invited**

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include "Docket No. FAA-2013-0929; Directorate Identifier 2013-CE-031-AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD because of those comments.

We will post all comments we receive, without change, to <http://www.regulations.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

**Discussion**

On October 24, 2013, we issued AD 2013-22-14, Amendment 39-17646 (78 FR 65869, November 4, 2013) ("AD 2013-22-14"). That AD required actions intended to address an unsafe condition on any DG Flugzeugbau GmbH Model DG-1000T glider equipped with a Solo Kleinmotoren Model 2350 C engine and was based on mandatory continuing airworthiness information (MCAI) originated by an aviation authority of another country.

Since we issued AD 2013-22-14, the manufacturer of the Solo Kleinmotoren