



# HIGHLIGHTS

## Statement Updates

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We put security in your Social Security number. Your SSN has a new look on your participant statement to protect your privacy.

### Make a statement!

You can print a copy of your quarterly participant statement from the TSP Web site.

No Web access? You can use the ThriftLine (504-255-8777) to request that the most recent statement be mailed to you.

To enter the Account Access section on either the Web site or the ThriftLine, you will need your SSN and TSP PIN.

Need a PIN? If you have lost or forgotten your TSP PIN, you can request a new one on the Web site or the ThriftLine. Please allow 10 days to receive your PIN in the mail.

## EFT = Easy, Fast, Trustworthy

EFT (electronic funds transfer) or Direct Deposit is the fastest and safest method for receiving money from your TSP account. However, if you request EFT for your loan or withdrawal payment, please check with your financial institution first to **verify the routing number and your account number** so that your money arrives promptly and to the correct account.

## Checkup Time

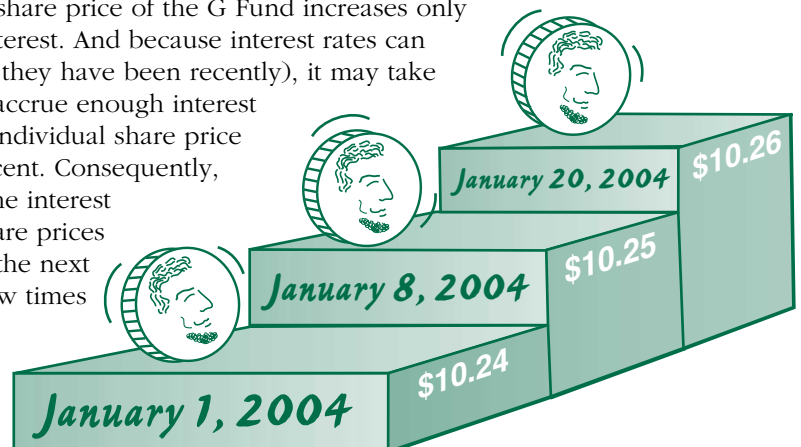
**Open season**, April 15 through June 30, is the perfect time to give your TSP account an annual checkup and make any adjustments needed to secure or preserve your financial health. Here's a quick checklist:

- ✓ **Pay yourself first.** Are you contributing enough to reach your retirement goals? FERS employees can now contribute 14% of basic pay up to the IRS limit of \$13,000; CSRS employees and members of the uniformed services can contribute 9% of basic pay up to the IRS limit. *To get an idea of how your TSP account can grow using different contribution rates, check out the calculator, [Projecting Your Account Balance](#), on the TSP Web site.*
- ✓ **Don't lose matching money.** Highly paid FERS employees should recalculate their contributions so they don't reach the elective deferral limit too soon and miss out on agency matching contributions. *The [Elective Deferral Calculator](#) on the TSP Web site can help you determine the maximum amount you can contribute.*
- ✓ **Renew your catch-up contributions.** If you are 50 or older this year and you are already contributing the maximum for which you are eligible, you can make up to \$3,000 in catch-up contributions. If you made catch-up contributions in 2003, your election ended in December. *Did you make a new election for 2004? Check with your agency or service to determine whether you should make your election electronically or by using a paper form.*

## G Fund Earnings Step Up

Why don't you see daily changes in the G Fund share price, as you do in the other funds?

The share price for each investment fund changes each business day. But unlike the F, C, S, and I Fund share prices which fluctuate — sometimes by significant amounts — the share price of the G Fund increases only from accrued interest. And because interest rates can be very low (as they have been recently), it may take several days to accrue enough interest to increase the individual share price by at least one cent. Consequently, depending on the interest rate, G Fund share prices may step up to the next penny only a few times each month.



# Investing Wisely

The amount of money you will have in your TSP account for retirement depends on more than just the amount of your contributions. You also need to consider how your investment choices will affect your potential earnings.

**Decide how much money you need** to have in your TSP account when you withdraw it. This may take some thought but it's a critical first step. Then use the calculators found on the TSP Web site to estimate the effect of your contribution level and different rates of return.

**Decide how much risk you are willing to take.** Investors who assume greater risk are generally rewarded with higher returns over time. However, this may not occur in shorter time periods, as shown by the recent "bear" market for stocks. But be realistic about risk. Taking too much risk (such as putting all of your money in one stock fund) in an attempt to earn unrealistically high returns may be gambling with your retirement.

**Consider your time horizon** (the amount of time before you need the money). Generally, the longer your horizon, the more risk you can take. If you are near retirement, however, you may want to move your money into less risky funds to preserve your account balance.

**Use asset allocation to shape your investment strategy.** By far, the biggest factor in determining your return is your "asset allocation" or "diversification" (spreading your assets among different types of investments that have different characteristics). In the TSP, you can do this by

allocating your account between stocks (the C, S, and I Funds) and fixed income investments (the G and F Funds). The more you have in stocks, the riskier the allocation. But remember, over time, stocks tend to produce higher returns than fixed-income investments.

**Stick with your strategy and rebalance as needed.** For your strategy to work, you must stick with it. First, don't be swayed by short-term market swings. Think long term! Second, you should periodically review and rebalance your account to maintain your target allocation. Rebalancing will mean selling your better performing funds and buying funds with a lower return (that is, selling high, buying low). Over the long term, maintaining your asset allocation should increase your return while maintaining the level of risk you have chosen. You can rebalance by changing your contribution allocation or by periodically making an interfund transfer.

**Don't try to chase returns.** This is a common trap for investors. If you make your investment decisions based on recent returns, you may end up buying high and selling low. This is likely to reduce your returns over time. 🌱

## New Loan Rules

Beginning July 1, the TSP will deduct a \$50 fee from the proceeds of each new loan. Participants will be allowed to have only one general purpose loan and one residential loan. Once a loan is paid in full, participants will not be eligible for another loan of the same type for 60 days. For more information, visit the TSP Web site.

## Rates of Return

Year	G Fund %	F Fund %	LBA Bond Index %	C Fund %	S&P Index %	S Fund %	Wilshire 4500 Index %	I Fund %	EAFE Index %
1994	7.2	-3.0	-2.9	1.3	1.3	-	-2.7	-	7.8
1995	7.0	18.3	18.5	37.4	37.6	-	33.5	-	11.3
1996	6.8	3.7	3.6	22.8	23.0	-	17.2	-	6.1
1997	6.8	9.6	9.7	33.2	33.4	-	25.7	-	1.5
1998	5.7	8.7	8.7	28.4	28.6	-	8.6	-	20.1
1999	6.0	-0.8	-0.8	21.0	21.0	-	35.5	-	26.7
2000	6.4	11.7	11.6	-9.1	-9.1	-	-15.8	-	-14.2
2001	5.4	8.6	8.4	-11.9	-11.9	-2.2*	-9.3	-15.4*	-21.4
2002	5.0	10.3	10.3	-22.0	-22.1	-18.1	-17.8	-16.0	-15.9
2003	4.1	4.1	4.1	28.5	28.7	42.9	43.8	37.9	38.6
<b>Compound Annual Rates of Return 1994 – 2003</b>									
	6.0	6.9	6.9	11.0	11.1	-	9.8	-	4.4
<b>Monthly Returns for 2004</b>									
Jan.	0.3	0.8	0.8	1.8	1.8	3.5	3.6	1.3	1.4
Feb.	0.4	1.1	1.1	1.3	1.4	1.8	1.8	2.2	2.3

The returns for the TSP funds represent net earnings after deduction of accrued administrative expenses and, in the cases of the F, C, S, and I Funds, after deduction of trading costs and accrued investment management fees. The returns for the four indexes shown do not include any deduction for administrative expenses, trading costs, or investment management fees.

\*The S and I Funds were implemented in May 2001; therefore, there are no returns for these funds for earlier periods. Returns shown for 2001 are for May through December.