



# Thrift Savings Plan HIGHLIGHTS

October 2005

## TSP Statements Include L Funds

The TSP has redesigned your quarterly participant statement to make room for data about L Fund investments.

For details about how to find the information you need on the new statement, see the leaflet "Understanding Your TSP Participant Statement" in the Forms & Publications section of the TSP Web site.



### ThriftLine:

**1-TSP-YOU-FRST**  
**1-877-968-3778**  
(toll free)

From outside the U.S. and Canada, call:

**404-233-4400**  
(not toll free)

**TSP Web site:**  
**www.tsp.gov**

## TSP Service Continues as New Orleans Recovers from Katrina

Many thanks to all of you who sent your good wishes and support to the employees of the TSP Service Office in New Orleans, which was put out of commission by Hurricane Katrina. We appreciate your concern and are trying to continue to provide smooth service to all TSP participants as the Gulf Coast recovers from the devastating storm and its aftermath.

After the hurricane, we took immediate steps to minimize delays and service interruptions. Our two call centers outside Louisiana are handling calls to our toll-free number, and we have established alternate locations to process forms. We also added a "Hurricane Alert" link to the TSP Web site, where we posted updates regarding the effects of Katrina on TSP operations.

To ensure the most efficient service, we suggest you use the TSP Web site whenever possible to make transactions or obtain TSP materials. You can also send a fax to our toll-free fax number: 1-866-817-5023. If you must reach us by mail, please send all forms and correspondence to our temporary post office box: TSP Service Office, P.O. Box 385021, Birmingham, AL 35238. The U.S. Postal Service is also forwarding mail with the New Orleans address to our temporary base of operations. You should continue to send loan payments to the address on the TSP loan coupon.

## L Fund Assets Top \$3.8 Billion

When the TSP launched the new L Funds on August 1, lots of Federal employees and members of the uniformed services were ready to start investing in them. After only one week, 31,000 TSP participants had moved \$1.4 billion into L Funds. After just a month, 86,000 participants had invested \$3.1 billion in them. By mid-September, L Fund assets topped \$3.8 billion, with 112,000 participants investing in them. Both civilian participants and members of the uniformed services are investing in the L Funds. It appears that most participants are selecting L Funds appropriate for their time horizons — the dates when they will need to use their money.

Each L Fund is a professionally determined mix of G, F, C, S, and I Fund investments designed to maximize returns and minimize risk for your TSP account based on your time horizon. These "lifecycle" funds adjust quarterly, shifting automatically to a more conservative mix as your projected need for the money gets closer. So, from the day you elect to invest in an L Fund until the day you reach your time horizon, you can sit back and put the investment decisions for your account on "cruise control."

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If you want information about the L Funds and how to enroll in them, there are many places to find it. For starters, you should have received a DVD. It features a special message from Gary Amelio, Executive Director of the Federal Retirement Thrift Investment Board, the agency that manages the TSP, and a presentation explaining how the L Funds work.

Also, on the TSP Web site, you can click on the “L” icon to find links to: the L Fund Information Sheet; Questions & Answers About the L Funds; past editions of TSP *Highlights* with detailed articles about the L Funds; and related materials, including the “Basic Steps” to investing your TSP account in the L Funds. You can also find current information about the performance of the L Funds on the “Share Prices” and “Rates of Return” pages of the Web site.

## No More TSP Percent-of-Pay Contribution Limits After January 1

As of January 1, 2006, the TSP will no longer restrict your contributions to a percentage of pay. However, the Internal Revenue Service (IRS) limits will still apply. This change will permit most participants to invest more money for retirement in the TSP, as the IRS limit for 2006 is \$15,000. If you are age 50 or older, you are also eligible to make an additional \$5,000 in catch-up contributions

for 2006 — if you contribute \$15,000 in regular contributions.

Remember, each calendar year you must make a new catch-up contribution election. Check with your agency or service to find out when you can make your catch-up contribution election for 2006.

<b>Rates of Return</b>										
	<b>L 2040*</b>	<b>L 2030*</b>	<b>L 2020*</b>	<b>L 2010*</b>	<b>L Income*</b>	<b>G Fund</b>	<b>F Fund</b>	<b>C Fund</b>	<b>S Fund**</b>	<b>I Fund**</b>
<b>Monthly – 2005</b>										
January	–	–	–	–	–	0.4%	0.6%	–2.4%	–3.4%	–1.9%
February	–	–	–	–	–	0.4	–0.6	2.1	2.0	4.3
March	–	–	–	–	–	0.4	–0.5	–1.7	–1.9	–2.5
April	–	–	–	–	–	0.4	1.4	–1.9	–3.7	–2.3
May	–	–	–	–	–	0.4	1.0	3.1	6.0	–0.4
June	–	–	–	–	–	0.3	0.6	0.2	3.4	1.9
July	–	–	–	–	–	0.4	–0.8	3.7	5.6	3.1
August	0.1	0.1	0.2	0.2	0.2	0.4	1.2	–0.9	–1.0	3.2
<b>Annual 1995 – 2004</b>										
1995	–	–	–	–	–	7.0%	18.3%	37.4%	–	–
1996	–	–	–	–	–	6.8	3.7	22.8	–	–
1997	–	–	–	–	–	6.8	9.6	33.2	–	–
1998	–	–	–	–	–	5.7	8.7	28.4	–	–
1999	–	–	–	–	–	6.0	–0.8	21.0	–	–
2000	–	–	–	–	–	6.4	11.7	–9.1	–	–
2001	–	–	–	–	–	5.4	8.6	–11.9	–2.2**	–15.4**
2002	–	–	–	–	–	5.0	10.3	–22.0	–18.1	–16.0
2003	–	–	–	–	–	4.1	4.1	28.5	42.9	37.9
2004	–	–	–	–	–	4.3	4.3	10.8	18.0	20.0
<b>Compound Annual 1995 – 2004</b>										
	–	–	–	–	–	5.7%	7.7%	12.0%	–	–

The returns for the TSP funds represent net earnings after deduction of accrued administrative expenses and, in the cases of the F, C, S, I, and L Funds, after deduction of trading costs and accrued investment management fees. Information about related indexes and their returns can be found in the TSP Fund Information sheets on the TSP Web site.

\*The L Funds are invested in the individual TSP funds (G, F, C, S, and I). The L Funds were implemented on August 1, 2005.

\*\*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.