



Highlights of [GAO-07-611](#), a report to congressional requesters

## Why GAO Did This Study

The Thrift Savings Plan (TSP), a retirement savings and investment plan for federal workers, held approximately \$210 billion in retirement assets for 3.7 million participants, as of February 2007. TSP is managed by the Federal Retirement Thrift Investment Board (FRTIB). In light of questions about TSP oversight, we examined (1) the current structure for overseeing FRTIB, (2) how the statutorily defined fiduciary responsibilities of FRTIB compare to the responsibilities of private plan sponsors and how FRTIB fulfills its responsibilities, (3) how FRTIB's investment policies differ from those of private plan sponsors, and (4) FRTIB's statutory responsibilities to educate plan participants about TSP and other retirement issues and how these responsibilities compare with those of private and state and local government employee plan sponsors.

[www.gao.gov/cgi-bin/getrpt?GAO-07-611](http://www.gao.gov/cgi-bin/getrpt?GAO-07-611).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barbara Bovbjerg at (202) 512-7215 or [bovbjergb@gao.gov](mailto:bovbjergb@gao.gov).

# FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

## Many Responsibilities and Investment Policies Set by Congress

### What GAO Found

The Department of Labor (DOL) and Congress oversee FRTIB. In accordance with the law establishing TSP, DOL conducts regular audits to determine the level of compliance with laws and regulations as well as to ensure the efficiency and effectiveness of operations. Congress requires FRTIB to submit its annual budget and other reports, and to undergo an independent financial audit. However, Congress has not held regular FRTIB oversight hearings. Also, DOL does not submit its audit reports directly to Congress, and has not yet been provided with a mechanism to communicate issues of critical concern to Congress.

FRTIB's fiduciary duties are similar to those of fiduciaries of private sector plans. To act prudently and solely in the interest of plan participants, FRTIB has implemented policies and practices in several of the areas mentioned in DOL's guidance for private sector plans. However, unlike the law governing private plans, the Federal Employees' Retirement System Act of 1986 (FERSA)—the law that governs the administration of TSP—contains special liability protections for Board members and the Executive Director.

FRTIB has less discretion than private sector plan sponsors in setting investment policy because the investment options available to TSP participants are largely outlined in law, whereas private sector plan sponsors are responsible for choosing which investment options to offer participants. TSP's authorizing statute specifies the number and types of funds available to participants, and requires that some of these funds track indexes, which are broad, diversified market indicators. FRTIB chooses the particular indexes for the funds to track, reviews the investment options, and suggests additional funds. Changing TSP investment options requires legislation.

FRTIB and the Office of Personnel Management (OPM) are responsible for educating participants about TSP and general retirement issues, while the private and state and local government employee plan sponsors that we interviewed are governed by different rules. By statute, FRTIB is charged with developing educational materials for participants about TSP-specific issues. FRTIB also assists OPM, which is required to provide general retirement education to federal employees and train retirement counselors at federal agencies to provide information to federal employees. Private plan sponsors as well as the state and local government employee plan sponsors that we spoke with are responsible for educating participants about their plans, but often supply general retirement information as well.

As the size and complexity of TSP have grown, an appropriate level of oversight of FRTIB is critical to ensuring that federal workers' retirement savings are properly managed. GAO previously recommended that Congress consider amending FERSA to require DOL to establish a formal process by which the Secretary of Labor can report to Congress issues of critical concern about actions of the Executive Director and Board members.