



Thrift Savings Plan  
Participant Survey Results  
2006-07

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## Executive Summary

The Federal Retirement Thrift Investment Board (FRTIB) contracted with Watson Wyatt Worldwide, an independent consultancy, to study the opinions of Federal employees and uniformed services members with regard to their needs, attitudes, understanding, and satisfaction with the Thrift Savings Plan (TSP) plan. The survey was also designed to gauge participants' reactions to some potential changes to the TSP that are under consideration. A survey was conducted in two phases, first in November 2006 then repeated in March 2007, through a paper-based mailing to the homes of a random sample of Federal workers and uniformed service members.

A stratified sampling design was utilized to obtain a representative number of responses from each retirement system and various demographic groups. The results of the survey can be statistically generalized at the overall Plan level with a margin of error of less than plus or minus two percent and at the system-level of CSRS, FERS, and the Uniformed Services of approximately plus or minus three percent with a ninety-five percent confidence level. While survey responses for other groups of interest are included in this report for descriptive purposes, the margins of error for these smaller groups are not provided.

The key findings of the survey include:

- TSP participants are generally more satisfied with the plan than comparable employees in the private sector are with their 401(k) plans.
- TSP participants are satisfied with the administration of the plan and find the web-based information provided by the TSP as critical for building program understanding and financial literacy. Those who make use of this information exhibit significantly different investment behavior in their TSP account.
- Federal workers and uniformed service members identify their TSP account as a cornerstone of their future retirement income.





- FERS members identify matching contributions as a key reason why they participate in the TSP program while CSRS employees note tax benefits as their primary motivation for contributing.
- TSP participants are generally in favor of automatic enrollment of new Federal employees and service members in the TSP program.
- TSP participants believe that adding a Roth 401(k) option to the program will make it a better program. This sentiment is particularly strong among uniformed service members. However, use of a Roth IRA is weak among those expressing interest in a Roth 401(k) option.
- TSP participants generally favor adding additional investment options to the TSP. However, they are very price-sensitive to adding specific investment options – preferring to add options only if they cost about the same as existing funds. The strongest support for a new fund option is for a TIPS Fund.





## About the Survey

The Federal Retirement Thrift Investment Board (FRTIB) partnered with Watson Wyatt in September 2006 to conduct a survey of participants in the Thrift Savings Plan (TSP). The objectives of the survey included gaining a better understanding of participants' needs, attitudes, understanding, and satisfaction with a number of elements of the plan. The study also sought to gauge participants' reactions to some potential changes to the TSP that are under consideration.

To create a valid survey instrument, Watson Wyatt and FRTIB collaborated to refine survey content through an iterative process. As part of this exercise, the team administered two pretest sessions with FRTIB employees and Federal employees and uniformed service members outside of FRTIB to solicit feedback on the ease and appropriateness of the instrument. The final instrument contained 46 closed-ended items (including sub-items) as well as one open-ended question in which participants were asked to provide comments or suggestions regarding the TSP. The survey also included several demographic questions to allow segmentation of results. The final survey content was approved by senior leadership, including the Executive Director of the FRTIB, prior to survey administration. The final survey instrument is included as Appendix A to this report. Watson Wyatt performed all survey distribution, data collection, and data analysis to ensure confidentiality.

Over two phases of data collection, Watson Wyatt mailed paper survey packets to 29,216 randomly selected Federal employees and uniformed service members to achieve a statistically reliable, representative sample. There were 2,364 survey packets returned as undeliverable, leaving 26,852 eligible for completion. Survey administration for the first phase occurred between November 3 and November 22, 2006, and for the second phase between March 3 and March 26, 2007. A total of 5,053 FRTIB participants returned a completed survey, representing a total response rate of 19 percent. Figure 1.1 presents response counts for each retirement system and figure 1.2 presents the distribution of respondents by retirement system.





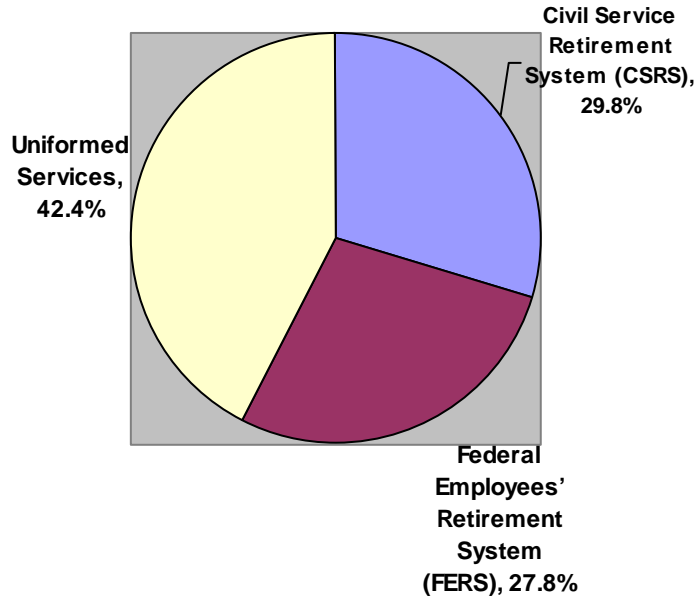
The table below provides the standard errors at the total program level as well as at the retirement system level for a 95 percent confidence interval (see Figure 1.1). In analyzing any particular survey item, the actual margin of error will vary based on the number of respondents who answered that item and the actual estimated distribution of the responses.

**Fig. 1.1 Number Responding and Estimated Margins of Error by Retirement System**

<u>Retirement System</u>	<u>Number Mailed</u>	<u>Number Responding</u>	<u>Margin of Error</u>
TSP Overall	29,216 <sup>1</sup>	5,053	1.4%
Civil Service Retirement System (CSRS)		1,506	2.5%
Federal Employees' Retirement System (FERS)		1,403	2.6%
Uniformed Services (Active Duty and Reserves)		2,144	2.1%

<sup>1</sup> Overall, 2,364 surveys were unable to be delivered, resulting in an adjusted response rate of 19%.

**Fig. 1.2 Distribution of Respondents by Retirement System**





## Part A: Savings and Contributions to the TSP

### Level of TSP Participation

All survey respondents currently have a TSP account with a non-zero balance. Employees in the Federal Employees' Retirement System (FERS) can make salary deferrals immediately after being hired. In addition, usually 6 to 12 months after they are hired by the Federal government, they become eligible to receive a one percent non-matching contribution as well as matching contribution. Respondents to this survey include FERS members who deferred a portion of their pay and also FERS members who do not contribute but receive the 1 percent non-matching agency contribution. Civil Service Retirement System (CSRS) and uniformed service participants can make salary deferral contributions immediately after being hired but do not receive agency contributions.<sup>1</sup> As such, this survey includes only CSRS or uniformed service members who contributed a portion of their pay to the TSP at some point during their career.

Federal workers were asked whether they had contributed to the TSP over the last two years. The survey reflects a FERS employee participation rate of 87.1 percent (See Figure 2.1 and 2.2). This rate is consistent with the known FERS participation rate from the record keeping system data where during 2006 the FERS participation rate ranged from 85.7 percent to 86.3 percent. Also, participation rates among FERS members are quite a bit higher than the average 401(k) plan, which typically has three in four employees contributing money to the plan at any one time.<sup>2</sup> However, it is important to note that the lowest FERS participation rates are for workers age 50 and older with pay less than \$40K, which likely represent the long-term and low paid segment of the FERS workforce.

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<sup>1</sup> While there is a pilot program currently in place for a small group of U.S. Army members to receive matching agency contributions, none of these members participated in this survey.

<sup>2</sup> Average plan-weighted participation in the private sector is 74 percent and rates among large companies with over 5,000 employees are typically lower at 68 percent. See Vanguard, 2006. *How America Saves 2006, A Report on Vanguard 2005 Defined Contribution Plan Data.* [www.vanguardretirementresearch.com](http://www.vanguardretirementresearch.com).





**Fig. 2.1 FERS TSP Participation Rates by Age and Pay**

Q1. In the past two years, have you contributed to the TSP?

	Pay Groups			All
	Less than \$40K	\$40K to \$80K	\$80K and Over	
All (N=1212)	77.6%	89.5%	94.7%	87.1%
Less than Age 40	86.0%	91.1%	95.7%	90.0%
40s	79.1%	92.4%	97.6%	90.3%
Age 50 and Over	69.7%	86.0%	92.2%	82.7%
Males (N=686)	78.3%	88.3%	94.3%	87.4%
Less than Age 40	95.5%	90.4%	97.1%	93.1%
40s	82.4%	93.3%	98.1%	92.7%
Age 50 and Over	68.2%	83.0%	90.9%	81.0%
Females (N=526)	76.9%	91.1%	95.7%	86.6%
Less than Age 40	80.5%	91.8%	-	87.2%
40s	76.9%	91.0%	96.6%	87.2%
Age 50 and Over	71.9%	90.4%	96.4%	85.5%

Notes: Includes non-retirees who are currently employed by the Federal Government and members of the FERS.

**Fig. 2.2 FERS TSP Participation Rates by Age and Tenure**

Q1. In the past two years, have you contributed to the TSP?

	Tenure Group				All
	Less than 2	2 to 5	5 to 15	15+	
All (N=1203)	82.3%	84.2%	89.8%	90.0%	86.9%
Less than Age 40	90.0%	89.6%	91.5%	-	90.1%
40s	79.6%	85.9%	89.4%	94.8%	89.4%
Age 50 and Over	74.2%	75.8%	88.2%	87.2%	82.9%
Males (N=682)	84.4%	84.4%	90.9%	88.4%	87.4%
Less than Age 40	95.7%	93.1%	91.8%	-	93.1%
40s	86.4%	87.5%	93.2%	94.7%	92.2%
Age 50 and Over	74.6%	73.7%	88.3%	84.3%	81.3%
Females (N=521)	80.0%	83.9%	88.5%	93.5%	86.4%
Less than Age 40	85.7%	86.6%	91.2%	-	87.4%
40s	74.1%	84.4%	86.0%	95.0%	85.9%
Age 50 and Over	73.3%	78.9%	88.0%	93.7%	85.6%

Notes: Includes non-retirees who are currently employed by the Federal Government.

Among non-contributors, the top reasons Federal workers are not currently contributing to the TSP is because they are saving in other ways and the lack of money (See Figure







3.1 to 3.3). Not having enough money is most often cited as a reason by CSRS members at 25.9 percent while only 14 percent of uniformed service members indicate such. Slightly more than 20 percent of respondents indicate they are saving for retirement in other ways, and this is the top reason among uniformed service members. Roughly 8 percent of respondents report they are not contributing due to hardship withdrawals that suspended their contributions. Very few respondents indicate that the TSP is too complex or that they are unsure of how to sign up for the plan. However, any confusion about signing up or indication of plan complexity is almost exclusively linked to FERS members. This is not surprising given that all CSRS and uniformed service respondents had at one point voluntarily signed up to contribute a portion of pay to the plan.

**Fig. 3.1 Top Reasons for NOT Participating in the TSP**  
 Q3. *Why aren't you currently contributing to the TSP?*

	Retirement System			
	<u>CSRS</u>	<u>FERS</u>	<u>Uniformed Services</u>	<u>All</u>
<i>N</i>	189	309	279	777
Saving in other ways	24.3%	14.6%	24.0%	20.3%
Don't have enough money	25.9	20.1	14.3	19.4
Hardship withdrawal	16.9	7.1	2.5	7.9
Can't access money before retirement	9.5	3.9	5.0	5.7
Not sure how to sign up	0.5	11.0	0.7	4.8
Not satisfied with investment options	4.8	1.9	6.1	4.1
Too complex	0.5	5.8	2.2	3.2
Already contributed the maximum	3.2	0.3	6.1	3.1
Not eligible to contribute	4.2	1.3	2.5	2.5
New employee and don't get matching contributions	0.0	3.6	0.7	1.7

*Notes: Includes active employees who are not currently contributing to the TSP. Participation is based on administrative records, since it reflects current contribution decisions, while the survey captures whether the respondent contributed over the last two years.*





**Fig. 3.2 Top Reasons for NOT Participating in the TSP by Age and Pay**

Q3. Why aren't you currently contributing to the TSP?

	Age			Pay			All
	Less than Age 40	40s	Over Age 40	Less than \$40K	\$40K to \$80K	\$80K and Over	
Saving in other ways	21.1%	16.8%	22.6%	15.7%	18.7%	26.3%	20.3%
Don't have enough money	19.6	16.3	21.8	26.7	20.8	12.7	19.4
Hardship withdrawal	6.4	6.2	9.7	5.8	10.2	6.6	7.9
Can't access money before retirement	2.9	4.3	8.0	3.1	7.5	4.8	5.7
Not sure how to sign up	4.9	4.3	5.2	13.6	3.3	0.0	4.8
Not satisfied with investment options	4.9	3.4	4.3	4.2	4.8	3.1	4.1
Too complex	2.0	4.8	3.2	6.3	3.0	1.3	3.2
Already contributed the maximum	2.5	4.8	2.6	0.0	1.5	7.9	3.1
Not eligible to contribute	2.0	1.4	3.4	2.6	2.1	2.2	2.5
New employee and don't get matching contributions	0.5	0.5	3.2	3.7	0.9	1.3	1.7

Notes: Includes active employees who are not currently contributing to the TSP. Participation is based on administrative records, since it reflects current contribution decisions, while the survey captures whether the respondent contributed over the last two years.

**Fig. 3.3 Top Reasons for NOT Participating in the TSP by Education**

Q3. Why aren't you currently contributing to the TSP?

	High School or Less	Some College	College Graduate or Some Grad	Graduate Degree	All
	<i>N</i>	93	216	239	
Saving in other ways	12.9%	18.5%	24.7%	19.1%	20.3%
Don't have enough money	26.9	22.7	21.3	11.1	19.4
Hardship withdrawal	17.2	10.2	7.1	2.0	7.9
Can't access money before retirement	2.2	6.9	7.1	2.5	5.7
Not sure how to sign up	7.5	7.4	3.8	1.5	4.8
Not satisfied with investment options	0.0	6.0	3.8	3.5	4.1
Too complex	4.3	5.6	2.5	0.5	3.2
Already contributed the maximum	0.0	0.9	1.3	9.1	3.1
Not eligible to contribute	2.2	2.3	2.5	2.5	2.5
New employee and don't get matching contributions	3.2	1.9	1.3	1.5	1.7

Notes: Includes active employees who are not currently contributing to the TSP. Participation is based on administrative records, since it reflects current contribution decisions, while the survey captures whether the respondent contributed over the last two years.

Overall, respondents report tax benefits as the top reason for contributing to the TSP (See Figures 4.1 & 4.2). Over 75 percent of CSRS members highlight this reason compared to 63 percent of FERS respondents. Matching contributions is the top reason FERS members contribute to the TSP – cited by more than 85 percent of respondents. In





addition, survey results indicate that word of mouth from co-workers or supervisors is not a major driver of employee participation.

**Fig. 4.1 Top Reason for Participating in the TSP**

Q4. Whether or not you are contributing to the TSP, which of the following are (or would be) your reasons for contributing to the TSP?

	<u>FERS</u>	<u>CSRS</u>	<u>Uniformed Services</u>	<u>All</u>
N	1266	1040	1497	3803
Tax benefits	63.4%	75.7%	70.5%	69.6%
Convenience of payroll deduction	55.1	61.4	56.0	57.2
Matching contributions	85.4	10.8	34.1	44.8
So I can retire when I want to	41.1	36.9	41.4	40.1
Administrative costs are low	15.2	26.3	26.0	22.5
Co-worker recommended	8.5	6.4	4.8	6.4
My supervisor recommended	3.4	0.9	3.5	2.7

Notes: Includes non-retirees who are currently employed by the Federal Government.

**Fig. 4.2 Top Reason for Participating in the TSP by Age and Pay**

Q4. Whether or not you are contributing to the TSP, which of the following are (or would be) your reasons for contributing to the TSP?

	Age			Pay			All
	Less than Age 40	40s	Age 50 and Over	Less than \$40K	\$40K to \$80K	\$80K and Over	
Tax benefits	58.8%	72.8%	75.5%	48.9%	67.9%	85.3%	69.6%
Convenience of payroll deduction	52.9	56.0	61.5	49.3	58.9	61.0	57.2
Matching contributions	53.6	49.7	37.8	56.6	47.7	35.9	44.8
So I can retire when I want to	47.7	43.9	34.0	38.5	40.4	42.3	40.1
Administrative costs are low	17.5	21.9	26.3	13.4	18.4	34.0	22.5
Co-worker recommended	8.5	6.1	5.4	10.8	6.8	3.8	6.4
My supervisor recommended	5.8	2.4	1.2	7.0	2.2	1.1	2.7

Notes: Includes non-retirees who are currently employed by the Federal Government.

When asked about what changes would encourage greater Federal worker participation, two out of three respondents say that immediate matching contributions would increase the number of contributors (see Figures 5.1 & 5.2). Also, a majority of respondents say that automatic enrollment would boost the number of workers contributing to the TSP. However, only one in four says that more investment choices would have an effect. Eleven percent of respondents indicate an option other than what was specifically listed on the questionnaire. Of those selecting





this option, the largest group found that adding matching contributions would encourage higher participation. This was especially true among uniformed service members. Many respondents also believe that more education and communication would encourage Federal workers and uniformed service members who are not contributing today to do so in the future.

**Fig. 5.1 Changes to TSP that will Encourage Higher Participation**

Q26. Which of the following changes to the TSP do you think will encourage more Federal employees/service members to become contributors to the TSP?

	<u>FERS</u>	<u>CSRS</u>	<u>Uniformed Services</u>	<u>All</u>
N	1403	1506	2144	5053
Immediate matching contributions	70.2%	62.0%	72.9%	68.9%
Automatic enrollment	56.9	59.6	51.4	55.4
More investment choices	28.3	24.7	26.9	26.6
Other	9.9	7.8	13.5	10.8
None	4.3	6.1	3.8	4.6

Notes: Based on all respondents.

**Fig. 5.2 Changes to TSP that will Encourage Higher Participation by Age and Pay**

Q26. Which of the following changes to the TSP do you think will encourage more Federal employees/service members to become contributors to the TSP?

	Age			Pay			All
	Less than Age 40	40s	Age 50 and Over	Less than \$40K	\$40K to \$80K	\$80K and Over	
Immediate matching contributions	73.1%	68.8%	68.8%	68.5%	68.4%	72.8%	68.9%
Automatic enrollment	47.6	55.0	60.7	49.0	55.1	61.8	55.4
More investment choices	28.0	27.2	26.3	27.2	26.5	27.4	26.6
Other	14.6	11.7	8.9	9.3	11.8	11.2	10.8
None	4.4	4.8	4.7	6.3	4.3	4.1	4.6

Notes: Based on all respondents.





## Savings Rates in the TSP

In a typical employer-sponsored savings plan like the TSP, employees are the primary source of funding and employer contributions play a secondary role. For CSRS and most uniformed service members, however, employee contributions represent the only source of savings. As such, the level of participant contributions is a critical determinant of whether the plan will generate an adequate level of savings for retirement.

TSP survey respondents indicate saving on average 10.2 percent of their income (see Figures 6.1 to 6.4). The median participant contribution rate is 10.0 percent, meaning that half of participants are saving above this rate and half are saving below it. These contribution rates are over three percentage points higher than typical private sector savings plan contributions of 7.3 percent in 2005.<sup>3</sup> This finding can be partly explained by the comparatively older workforce within the Federal Government. **However, after controlling for age and pay, TSP savings rates are still higher than those observed in the private sector.** The savings rates represented by this survey are self-reported and exclude eligible employees who are not currently contributing to the TSP.

Average savings rates among FERS and CSRS participants are not significantly different (9.0% vs. 9.1%), although, there is a two percentage point difference between median saving rates (7.2% vs. 10.0%). The lower median saving rate among FERS participants is due to nearly a third of all members contributing at the 5 percent of pay threshold, which is the maximum rate that FERS participants receive in matching contributions. The highest savings rates belong to members of the Uniformed Services, who report savings rates almost 3 percentage points above FERS and CSRS members and almost 5 percentage points above the average participant in the private sector. However, the median rate is equal to the overall Federal employee rate of 10 percent indicating that a disproportionate share of uniformed service members are contributing a very high percentage of their pay to the TSP. **In fact, nearly 11 percent members of the**

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<sup>3</sup> Vanguard, 2006. *How America Saves 2006, A Report on Vanguard 2005 Defined Contribution Plan Data.* [www.vanguardretirementresearch.com](http://www.vanguardretirementresearch.com).





**Uniformed Services indicate contributing 20 percent of pay or higher to the TSP compared to 4.1 percent of FERS members and 4.2 percent of CSRS members.<sup>4</sup>**

**Fig. 6.1 TSP Average Participant Contribution Rates by Retirement System and Gender**

*Q2. What percentage of your pay are you currently contributing to the TSP?*

	Contribution Rates							
	FERS		CSRS		Uniformed Services		All	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
<i>N</i> =2,958								
Male	9.1%	8.0%	9.5%	10.0%	11.9%	10.0%	10.5%	10.0%
Female	8.8	6.0	8.7	9.0	11.6	10.0	9.4	8.0
All	9.0	7.2	9.1	10.0	11.9	10.0	10.2	10.0

*Notes: Includes non-retirees who are currently employed by the Federal Government and who are currently contributing a portion of pay to the TSP.*

**Fig. 6.2 TSP Average Participant Contribution Amount by Retirement System and Gender**

*Q2. What percentage of your pay are you currently contributing to the TSP?*

	FERS		CSRS		Uniformed Services		All	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
	<i>N</i> =2,958							
Male	\$6,271	\$4,875	\$8,558	\$7,200	\$9,019	\$6,300	\$8,084	\$6,250
Female	\$5,223	\$3,125	\$6,629	\$5,044	\$7,078	\$5,000	\$6,144	\$4,500
All	\$5,824	\$4,000	\$7,689	\$7,000	\$8,612	\$6,250	\$7,413	\$5,000

*Notes: Includes non-retirees who are currently employed by the Federal Government and who are currently contributing a portion of pay to the TSP. Contribution amounts were derived using respondent's self-reported contribution rates times the mid-point of their annual pay group.*

<sup>4</sup> In part, this can be attributed to the fact that members of the Uniformed Services may receive tax-exempt contributions which are not limited by IRS rules 402(g), which restricted pre-tax contributions to \$15,000 in 2006. Tax-exempt contributions are only limited by the 415(c) rules.





**Fig. 6.3 TSP Average Participant Contribution Rates by Retirement Age and Pay**

Q2. What percentage of your pay are you currently contributing to the TSP?

N=2,958	Pay Group					All
	Less than \$40K	\$40K to \$60K	\$60K to \$80K	\$80K to \$100K	\$100K and Over	
Less than Age 30	9.4%	7.8%	12.5%	10.6%	-	10.1%
30 to 39	8.4	9.2	11.6	10.7	10.6	10.1
40s	8.3	8.8	10.2	10.9	10.7	9.8
50 to 59	10.3	9.5	10.5	12.1	10.5	10.6
Age 60 and Over	8.0	9.9	10.6	11.1	11.8	10.2
All	8.9	9.0	11.1	11.1	10.9	10.2

Notes: Includes non-retirees who are currently employed by the Federal Government and who are currently contributing a portion of pay to the TSP.

**Fig. 6.4 TSP Average Participant Contribution Rates by Retirement Age and Tenure**

Q2. What percentage of your pay are you currently contributing to the TSP?

N=2,958	Tenure Group					All
	Less than 2	2 to 5	5 to 15	15 to 25	25+	
Less than Age 30	7.0%	9.0%	10.8%	-	-	9.4%
30 to 39	6.8	9.8	10.1	10.8%	-	9.9
40s	8.5	8.0	10.3	10.3	9.8%	9.9
50 to 59	7.6	8.2	10.2	10.9	11.0	10.6
Age 60 and Over	9.5	9.3	9.7	13.7	10.1	10.5
All	7.7%	9.0%	10.3%	10.8%	10.4%	10.1%

Notes: Includes non-retirees who are currently employed by the Federal Government and who are currently contributing a portion of pay to the TSP





## **Conclusion on TSP Participation and Savings Rates**

**Survey results indicate that Federal employees and uniformed service members are highly engaged in the TSP.** Eighty-seven percent of FERS members indicate having contributed a portion of their pay to the TSP over the last two years, and among all participants, the average respondent is contributing over 10 percent of pay to the plan. FERS members most often cite matching contributions as the main reason for participating in the TSP. However, among members of each of the retirement systems, participants also highlight the tax benefits and the convenience of payroll deductions as key reasons for participating. The main reasons Federal workers and uniformed service members do not participate in the TSP is because they either do not have the money or they are saving in other ways. Overwhelmingly, they feel the key to higher participation rates is through immediate matching contributions. Automatic enrollment is also highlighted as an effective means to boosting the number of contributors.





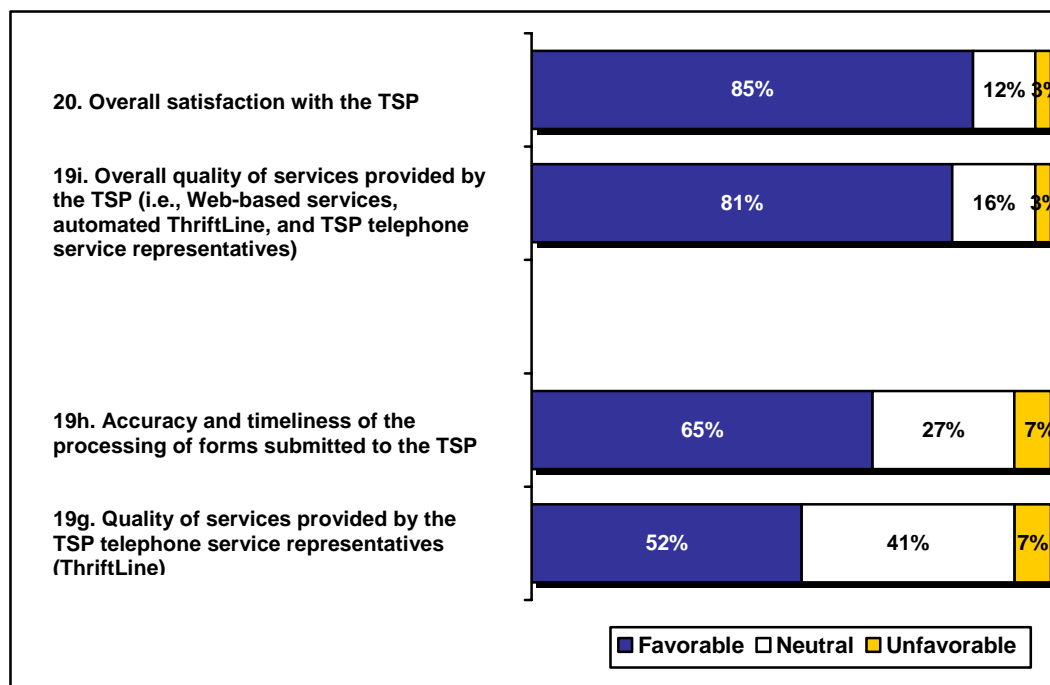


## Part B: TSP Benefits and Services

### Overall Satisfaction with TSP and Customer Service

As a whole, respondents have a high level of satisfaction with the TSP, reporting an 85 percent favorable rating (see Figure 7.1 to 7.4). This result compares favorably to the 68 percent of private-sector participants who indicate a favorable rating on their 401(k) plan.<sup>5</sup> Specific indicators of high participant satisfaction with the TSP include the quality of available plan services and the level of customer service. Eighty-one percent of respondents report satisfaction with the service options available to them.

Fig. 7.1 Satisfaction with the TSP



Notes: Based on all respondents.

The majority of respondents do not have an opinion about the quality of service received from TSP telephone service representatives on the ThriftLine. Of those who did respond to the question, slightly more than half (52 percent) report they are satisfied, while

<sup>5</sup> Watson Wyatt Retirement Attitude Survey (2004) collected responses on overall 401(k) plan satisfaction from 7,911 private sector employees at 982 firms.





another 40 percent were “neutral”. This is not surprising given participants strong preference for the web over phone interaction. For those who submitted forms to the TSP for processing, approximately two-thirds are satisfied with the accuracy and timeliness of this service.

**Fig. 7.2 Satisfaction with the TSP by Retirement System**  
Q19.

	CSRS		FERS		Uniformed Service	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Q19g. Quality of services provided by the ThriftLine	60.4%	7.8%	54.9%	5.2%	44.3%	8.1%
Q19h. Accuracy and timeliness of the processing of forms submitted to the TSP	74.0	5.0	65.2	7.0	59.1	9.1
Q19i. Overall quality of services provided by the TSP	83.6	2.6	81.1	3.1	78.9	4.0
Q20. Overall satisfaction with the TSP	87.7	2.7	85.4	2.4	83.2	3.8

Notes: Based on all respondents.

**Fig. 7.3 Satisfaction with the TSP by Salary**  
Q19.

	Less than \$40K		\$40K to \$80K		\$80K and Over	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Q19g. Quality of services provided by the ThriftLine	53.1%	7.6%	54.2%	5.3%	47.5%	9.2%
Q19h. Accuracy and timeliness of the processing of forms submitted to the TSP	60.8	10.2	67.1	5.8	65.5	7.3
Q19i. Overall quality of services provided by the TSP	75.3	5.0	82.4	2.2	82.4	3.5
Q20. Overall satisfaction with the TSP	78.9	5.0	86.1	2.7	88.0	2.1

Notes: Based on all respondents.

**Fig. 7.4 Satisfaction with the TSP by Age**  
Q19.

	Less than Age 40		40s		Over Age 40	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Q19g. Quality of services provided by the ThriftLine	46.2%	7.2%	51.4%	5.8%	55.7%	7.7%
Q19h. Accuracy and timeliness of the processing of forms submitted to the TSP	62.1	8.9	65.8	6.4	66.6	6.8
Q19i. Overall quality of services provided by the TSP	81.1	3.4	80.9	3.2	80.9	3.3
Q20. Overall satisfaction with the TSP	84.4	3.6	84.5	3.0	85.9	2.8

Notes: Based on all respondents.

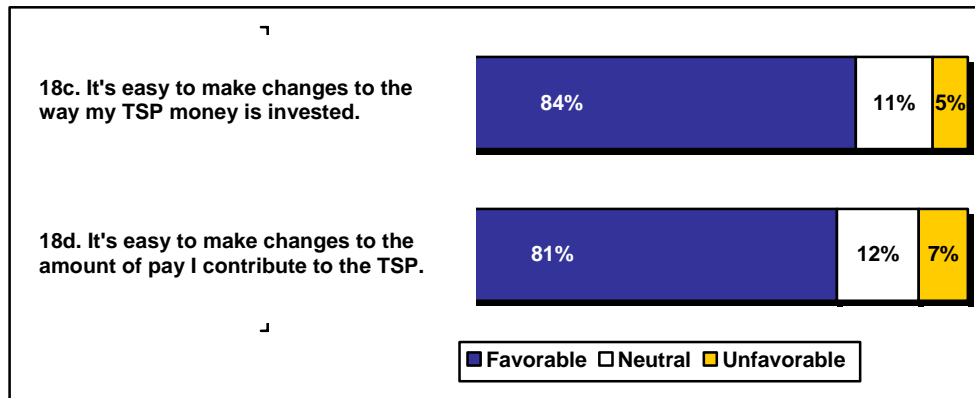




## Making Administrative Changes

Survey respondents report a high level of satisfaction with their ability to make changes to their TSP accounts (See Figures 8.1 to 8.3). Eighty-four percent report that it is easy to make changes to their TSP investment allocations, and 82 percent note that it is easy to make changes to their contribution amounts.

**Fig. 8.1 Ease of Administrative Changes**



Notes: Based on all respondents.

**Fig. 8.2 Ease of Administrative Changes by Retirement System**

Q18. TSP Information and changes in individual options

	CSRS		FERS		Uniformed Service	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
18c. It's easy to make changes to the way my TSP money is invested	85.5%	4.6%	82.3%	4.7%	85.2%	4.9%
18d. It's easy to make changes to the amount of pay I contribute to the TSP	83.5	5.2	82.3	6.4	83.1	7.9

Notes: Based on all respondents.

**Fig. 8.3 Ease of Administrative Changes by Salary**

Q18. TSP Information and changes in individual options

	Less than \$40K		\$40K to \$80K		\$80K and Over	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
18c. It's easy to make changes to the way my TSP money is invested	76.9%	7.4%	85.1%	4.2%	87.4%	4.0%
18d. It's easy to make changes to the amount of pay I contribute to the TSP	80.5	7.8	83.3	6.0	83.8	7.1

Notes: Based on all respondents.





## Information and Resources

American workers assume a significant role in preparing for and ensuring a secure retirement. Employers, however, must provide the essential information, education and resources to help their employees meet this goal. The ability to access account information easily and as often as needed is an important step for employers in ensuring retirement preparedness.

**TSP participants overwhelmingly note that the Internet (See Figures 9.1 & 9.2) is their preferred means for accessing and receiving TSP account information.** Participants generally favor accessing their account information on-line from home (49 percent). Uniformed Service members are particularly Internet savvy, as nearly 3 in 5 reports accessing their TSP account information on-line from home. In addition, younger Federal workers also have a proclivity for retrieving their account information through their home Internet connection. Dedicating greater resources to enhancing the TSP's web-based information and tools would have wide-ranging affects for TSP participants.

Despite today's high-tech information age, a large number of participants (29.7 percent) continue to favor paper statements for their account information. The number of paper statements that are printed and mailed by the TSP is actually about 11 percent of the population. The difference may be attributable to the TSP's on-line capability, where a participant can print their statement via the Web. Only 3 percent of respondents rely on the TSP ThriftLine for regular updates on their account. In fact, only slightly more than one third of all TSP participants (37.1 percent) indicate having ever contacted the TSP ThriftLine and spoken to a telephone service representative about their account.





**Fig. 9.1 How TSP Participants Usually Access Account Information**

Q14. How do you usually access/receive your TSP account information?

	CSRS	FERS	Uniformed Services	All
On-line from home	40.9%	45.0%	58.2%	49.4%
On-line from work	37.9	41.6	35.7	38.0
Receive paper statements	36.9	30.6	24.2	29.7
I don't review	3.4	10.5	6.3	6.6
Call the TSP ThriftLine	5.7	3.0	1.6	3.2

Notes: Based on all respondents.

**Fig. 9.2 How TSP Participants Usually Access Account Information by Age and Pay**

Q14. How do you usually access/receive your TSP account information?

	Age			Pay			All
	Less than Age 40	40s	Age 50 and Over	Less than \$40K	\$40K to \$80K	\$80K and Over	
On line from home	56.8	51.1	46.1	44.4	49.7	54.0	49.4
On line from work	43.6	42.5	33.9	25.5	40.2	46.5	38.0
Receive paper statements	22.0	28.3	35.0	34.7	28.8	27.7	29.7
I don't review	9.4	6.2	5.6	13.0	6.3	3.1	6.6
Call the TSP ThriftLine	1.6	2.5	4.4	4.3	3.9	1.8	3.2

Notes: Based on all respondents.

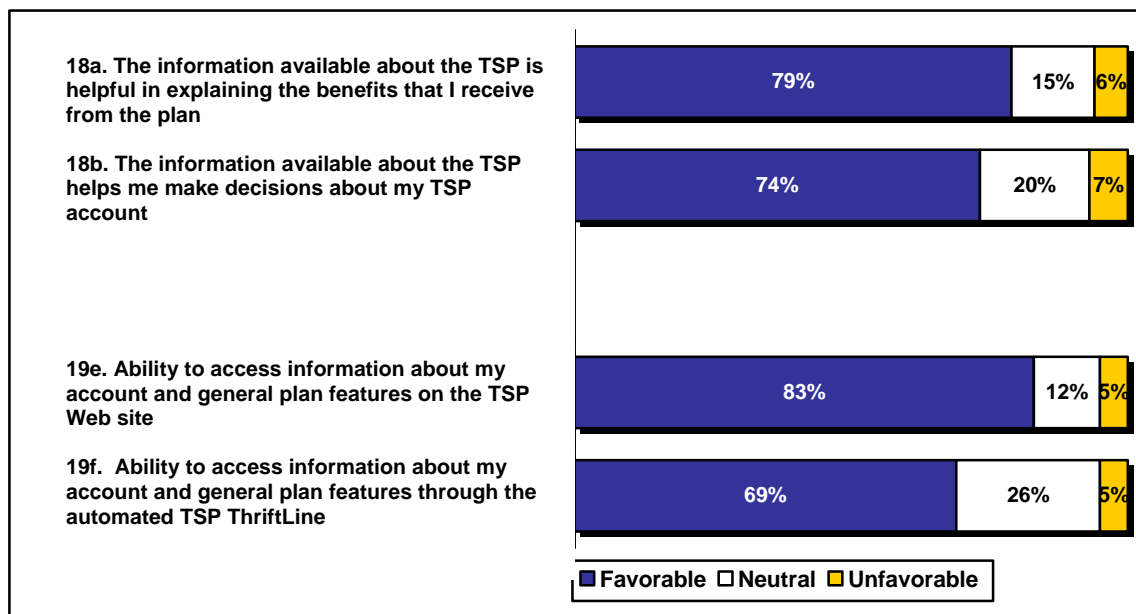
TSP participants generally find the information about the TSP as being useful to participants and easy to access (See Figures 10.1 to 10.3). Four out of five respondents report that available TSP information helped to explain the plan's benefits. Seventy-four percent also note that this information aided with decisions regarding their TSP account.

In general, survey respondents are satisfied with their ability to access information about their account and with the plan's overall features. Respondents report higher satisfaction with getting their information through the TSP Web site rather than the ThriftLine (83 percent versus 69 percent favorable, respectively, as shown in Figure 10). This is not a surprising finding since most respondents cite the Internet as their main method for accessing or receiving TSP account information.





**Fig. 10.1 Satisfaction with TSP Information**



**Fig. 10.2 Satisfaction with TSP Information by Retirement System**

Q18 & Q19. TSP Information and changes in individual options

	CSRS		FERS		Uniformed Service	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Q18a. Information is helpful in explaining benefits that I receive from the TSP	82.4%	3.9%	77.1%	7.3%	77.9%	6.4%
Q18b. Information helps me make decisions about my TSP account	76.7	4.1	70.2	7.9	72.3	6.7
Q19e. Ability to access information about my account and general plan features on the TSP Web site	84.8	4.2	83.5	4.3	81.9	5.8
Q19f. Ability to access information about my account and general plan features through the automated TSP ThriftLine	74.9	5.7	71.7	4.5	62.2	6.0

Notes: Based on all respondents.





**Fig. 10.3 Satisfaction with TSP Information by Pay**  
 Q18 & Q19. TSP Information and changes in individual options

	Less than \$40K		\$40K to \$80K		\$80K and Over	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Q18a. Information is helpful in explaining benefits that I receive from the TSP	70.9	9.4	79.6	5.9	82.8	4.1
Q18b. Information helps me make decisions about my TSP account	64.9	9.1	73.2	6.0	76.9	5.1
Q19e. Ability to access information about my account and general plan features on the TSP Web site	77.9	6.5	83.7	4.3	86.0	4.6
Q19f. Ability to access information about my account and general plan features through the automated TSP ThriftLine	65.9	6.7	69.7	4.4	69.4	5.6

Notes: Based on all respondents.

Participants who take an active role in the management of their investment choices and savings rates today have the best opportunity to achieve retirement savings goals and expectations in the future. One step in actively managing an account is to review account information regularly. Overall, participants appear to be highly engaged in reviewing their accounts. Over two-thirds of TSP participants review their account at least quarterly (See Figures 11.1 and 11.2). It is likely that many FERS employees only have the agency automatic 1% contribution.

**Fig. 11.1 How often do you review your TSP account?**  
 Q13. How often do you review your TSP account?

	Frequency that Members Review Account		
	Monthly or Quarterly	Semi-Annually or Annually	Rarely or Never
<b>FERS</b>	63.6%	14.1%	22.3%
<b>CSRS</b>	67.0	18.7	14.3
<b>Uniformed Services</b>	64.6	17.8	17.6
<b>All</b>	65.1	17.0	17.9

Notes: Based on all respondents.





**Fig. 11.2 How often do you review your TSP account? (by Age and Pay)**

Q13. How often do you review your TSP account?

	Frequency that Members Review Account		
	Monthly or Quarterly	Semi-Annually or Annually	Rarely or Never
<b>Age</b>			
Less than Age 40	65.3%	14.3%	20.4%
40s	63.0	18.6	18.4
Age 50 and Over	66.0	17.5	16.5
<b>Pay</b>			
Less than \$40K	54.1%	17.5%	28.4%
\$40K to \$80K	65.9	16.6	17.4
\$80K and Over	70.8	17.8	11.4

### Current TSP Design

Survey participants were asked for their opinions about specific elements of the current TSP. Many respondents did not have an opinion or were uncertain about how to respond. The selection of “Don’t Know/Not Applicable” by survey respondents may indicate that some plan options are not available to them. This response also may suggest a lack of knowledge about specific plan elements or the inability to spontaneously recall specific plan elements.

FERS participants are the most satisfied with the level of matching contributions, while uniformed service members are the most dissatisfied with the level of matching contributions (See Figure 12). Satisfaction with matching contributions by participants in systems other than the FERS suggests that they are either unaware that a match is not provided or are aware but accept this fact. FERS members are generally favorable towards the waiting period to receive agency contributions as respondents are nearly twice as likely to respond favorably as opposed to unfavorably.

A participant’s ability to withdraw money from his/her TSP account after separation from service and the ability to borrow from the account while actively employed is generally viewed favorably (See Figure 12). While these favorable rankings are not particularly high, these two questions receive many “neutral” responses, suggesting that participants

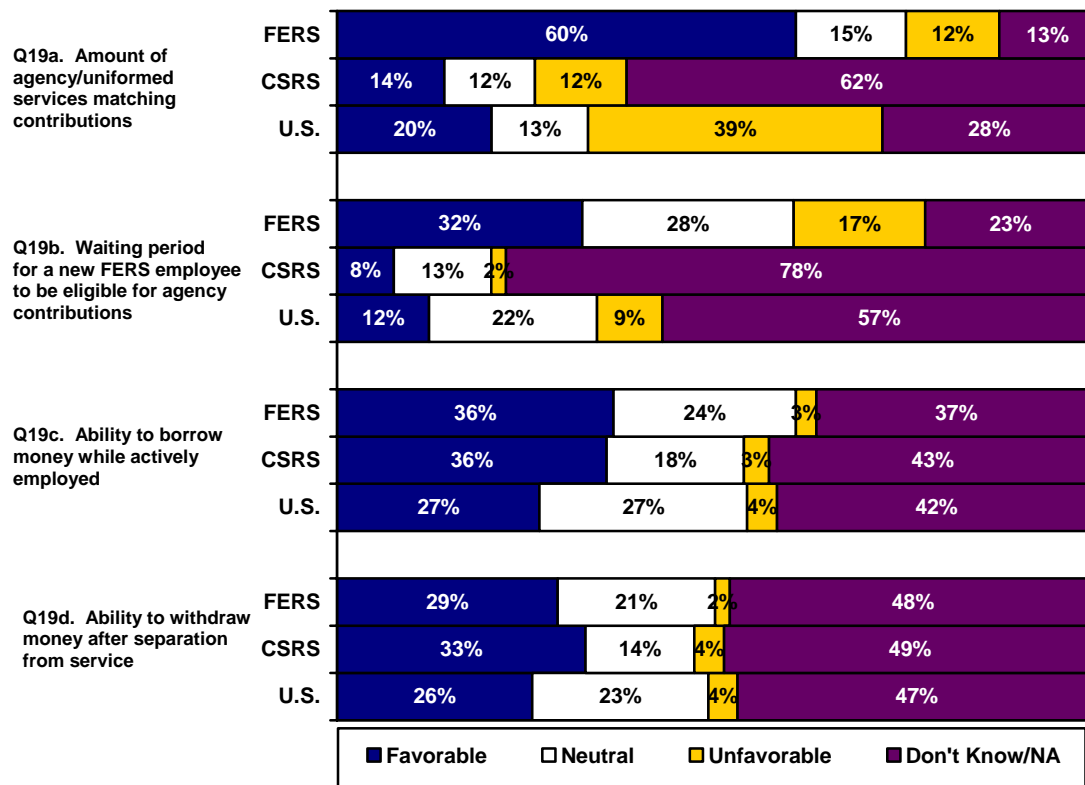






may be indifferent to the ability to withdraw or borrow money from their accounts. There are also a significant number of respondents who replied “Don’t Know/Not Applicable” to these items, which reinforces the high degree of indifference among respondents to withdraw or borrow money from their accounts. However, it may also reveal a degree of indifference because these participants have not yet had the need to investigate the availability of the benefits.

**Fig. 12. Satisfaction with Characteristics of the TSP**





## Asset Allocation in the TSP

In addition to employee contributions to retirement accounts, how funds are invested over a participant's career can significantly affect the level of funds available at retirement. Similar to private sector defined contribution plans, the responsibility for making investment decisions rests with TSP members. Like other employer-sponsors of self-directed savings plans, the FRTIB seeks to ensure that TSP participants have sufficient education and information in order to make informed contribution and investment decisions. If members do not make asset allocation decisions, funds in their accounts are invested in the G Fund, which invests in short-term U.S. Treasury securities with no risk of loss of principal.

The survey asked members to describe their approach for investing in the TSP. Overall, the distribution of risk approaches is concentrated between moderate risk and balanced – comprising nearly three in five responses (See Figure 13). A sizeable minority of TSP members, nearly 30 percent, identify their approach as low risk or no risk. However, slightly more than 10 percent of respondents indicate that they follow a high risk approach to investing their TSP funds.

The approach taken by TSP members is highly linked to a respondent's age. It is important to note that the age-based results are based on the sample sizes of the respondents and margins of error are not provided. Based on survey responses, younger workers report, as expected, taking on more risk in investing their TSP assets. Professional financial advisers typically suggest that workers early in their careers and with a long investment horizon are well-matched to invest a higher proportion of their retirement assets in riskier equity funds and shift to more stable fixed-income assets later in their careers. This common approach – known as time diversification – is based on the principle that the longer the time horizon the greater an investor's ability to weather short-term declines.





**Fig. 13. Self-Reported Approach to Investing TSP Assets**

Q 16. How would you describe your approach for investing the money in your TSP account?

	High Risk	Moderate Risk	Balanced	Low Risk	No Risk
<b>Retirement System</b>					
CSRS	9.3	24.7	29.6	22.8	13.6
FERS	10.5	26.0	34.2	18.7	10.6
Uniformed Service	14.2	32.4	31.0	15.4	7.0
<b>Age</b>					
Less than Age 30	16.7	30.7	31.0	14.6	7.1
30 to 39	20.0	34.6	29.2	10.1	6.1
40s	13.5	30.8	33.7	15.3	6.8
50 to 59	8.3	26.9	32.6	22.1	10.1
Age 60 and Over	6.4	21.9	29.2	24.9	17.5
<b>Pay</b>					
Less than \$40K	9.5	22.1	30.8	23.8	13.8
\$40K to \$60K	11.8	24.5	33.2	20.0	10.5
\$60K to \$80K	13.2	30.2	32.6	15.3	8.6
\$80K to \$100K	13.1	33.8	29.7	15.6	7.9
\$100K and Over	11.7	34.2	30.2	17.0	6.9
All	11.8	28.5	31.5	18.6	9.7

Notes: Based on all respondents.

TSP members can select from five individual investment funds that provide a wide range of investment risks to meet a wide range of participant objectives. The **G Fund** is the most conservative option and is based on investing in short-term Treasury securities without risk of loss. The **F Fund**, a conservative option that tracks the Lehman Brothers U.S. Aggregate Index, requires investors to bear market and credit risks not exhibited by the G Fund. TSP's equity options are provided by the **C Fund**, **S Fund** and **I Fund**. The C Fund invests in a fund of medium-to-large U.S. companies that replicates the S&P 500 Index. The S Fund invests in a broad market fund of small- and medium-sized U.S. companies that track closely to the Dow Jones Wilshire 4500 Completion Index. The I Fund invests in a stock index fund that replicates the Morgan Stanley Capital International EAFE Index, a broad international market index comprised primarily of large companies in 21 developed countries. For members who do not have the time, experience or interest in managing their accounts, the TSP also offers five **L Funds** – **Lifecycle Funds** – with differing time horizons. Each L Fund invests in a mix of the five





individual TSP funds described above. The mix is chosen by experts based on each fund’s time horizon.

Survey results indicate a very strong link between participant risk approaches and actual investment choices (See Figure 14). Respondents who indicate a high or moderate investment risk approach report a much higher share of equities in their actual TSP account. Those who chose a very aggressive or high risk strategy hold only 17 percent of their assets in the more conservative G Fund and F Fund. Conversely, the majority of those who indicate a low or no risk investment strategy primarily invest in the G Fund. **The decision to invest in the L Fund appears indifferent to self-reported risk tolerance except among those reporting to be very cautious.**

**Fig. 14. TSP Investment Allocations Aligned with Self-Reported Risk Tolerances**

	<i>Percentage of Total TSP Account Balance by Fund</i>						<i>TSP Account Balance</i>	
	G Fund	F Fund	C Fund	S Fund	I Fund	L Fund	Mean	Median
High Risk	17.4%	2.1%	30.7%	18.1%	21.7%	9.9%	\$38,831	\$12,770
Moderate Risk	25.0%	3.3%	31.1%	14.4%	13.9%	12.2%	\$40,367	\$18,113
Balanced	41.8%	6.1%	22.0%	7.3%	6.8%	15.6%	\$41,941	\$18,583
Low Risk	65.9%	4.5%	13.7%	2.1%	2.5%	10.5%	\$37,126	\$16,257
No Risk	90.9%	1.1%	4.3%	0.4%	0.8%	2.4%	\$36,372	\$20,894

Notes: Based on all respondents.

From an investment perspective, an asset allocation of about 70 percent to equities appears reasonable in light of the long-term retirement objectives of most defined contribution savings plans. In 2005, Employee Benefit Research Institute (EBRI) and the Investment Company Institute (ICI) collaborated and estimated the average asset allocation of funds in over 3.5 million self-directed accounts. Based on their estimates, at year-end 2005, equity securities – equity funds, the equity portion of balanced funds, and company stock – represented about two-thirds of 401(k) plan participants’ assets.<sup>6</sup> On average, the largest portion was invested directly in equity funds at almost 48 percent.

<sup>6</sup> EBRI Issue Brief, “401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2005, No. 296, August 2006.





Direct exposure to equities is particularly high among younger workers with 52 percent investing in equity funds compared to workers in their 60s who invest in equity funds at 38 percent. Older workers invest a much higher share of their assets in fixed-income securities, which is consistent with the time-diversification approach (See Figure 15).

**Fig. 15. Average Asset Allocation in Private Sector 401(k) Accounts by Participant Age, 2005**

Age Group	Fixed-Income			
	Securities	Balanced Funds	Equity Funds	Company Stock
Under 30	20.2%	15.5%	51.9%	10.4%
30 to 39	17.2	11.6	57.6	11.4
40 to 49	20.2	10.9	52.9	13.6
50 to 59	27.6	11.0	45.3	13.7
60 to 69	38.6	10.2	37.8	11.1
<b>All</b>	<b>26.0</b>	<b>10.9</b>	<b>47.9</b>	<b>12.9</b>

Notes: Based on participant-weighted averages.

Source: EBRI Issue Brief, "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2005, No. 296, August 2006.

However, survey respondents, on average, invest far less in equities. Overall, TSP participants invest nearly an equal share of their assets in fixed-income securities and equity funds (See Figure 16.1 to 16.4). The average TSP account – that equally weights each participant’s investment allocation – has almost half of its assets invested in the G Fund and F Fund. The fixed-income share is lower among participants age 30 to 49 and rises as workers approach retirement. However, the share of TSP funds invested in equities – particularly the C Fund – rises as years of service with Federal government/uniformed services grows. In particular, the share of assets invested in the G Fund drops significantly after participants reach five years of service.

One explanation for this relatively low share of TSP participants invested in equities may be attributed to Federal employees being more conservative investors than private sector employees. There is also some sense that Federal workers, who take great pride in their jobs, may view the G Fund like private sector employees view their company’s stock. An alternative explanation may be the high level of participant inertia with a disproportionate share of members not making active investment decisions and instead settling for the default portfolio – 100 percent G Fund. In fact, overall equity exposure





risers when the distribution of funds is based on a dollar-weighted estimate, meaning that the percentage of all assets exposed to equities is higher than is implied by the average of all account balances. As such, there are a large number of smaller than average account balances with a greater concentration of assets invested in fixed-income funds. This is reinforced by the fact that a disproportionate share of low-tenured Federal workers is highly invested in the G Fund – likely the result of the G Fund being the default.

**Fig. 16.1 Average Asset Allocation of TSP Accounts by Participant Age**

	<i>Percentage of Total TSP Account Balance by Fund</i>						<i>TSP Account Balance</i>	
	G Fund	F Fund	C Fund	S Fund	I Fund	L Fund	Mean	Median
Less than Age 30	56.7%	2.3%	9.5%	7.5%	8.4%	15.4%	\$4,739	\$1,941
30 to 39	38.7%	3.7%	19.6%	11.0%	11.2%	15.6%	\$13,018	\$5,645
40s	40.7%	4.1%	23.6%	10.2%	9.3%	12.0%	\$32,436	\$13,997
50 to 59	46.9%	4.1%	22.4%	7.9%	8.3%	10.1%	\$46,748	\$26,907
Age 60 and Over	53.0%	4.2%	23.7%	5.0%	6.8%	6.3%	\$62,152	\$39,526
Participant-Weighted <sup>1</sup>	46.3%	3.9%	21.4%	8.3%	8.6%	11.1%	\$37,493	\$15,371
Dollar- Weighted	35.3%	4.5%	31.3%	8.6%	9.4%	10.3%		

Notes: <sup>1</sup> Equal-weighted by share of assets in participant account. Distribution of funds is based on administrative records for all respondents.

**Fig. 16.2 Average Asset Allocation of TSP Accounts by Participant Years of Service**

	<i>Percentage of Total TSP Account Balance by Fund</i>						<i>TSP Account Balance</i>	
	G Fund	F Fund	C Fund	S Fund	I Fund	L Fund	Mean	Median
Less than 2 years	67.8%	1.4%	6.5%	5.3%	5.0%	13.3%	\$3,694	\$766
2 to 5 years	57.9%	2.1%	10.4%	6.7%	8.0%	14.7%	\$7,926	\$2,711
5 to 15 years	44.6%	4.4%	20.2%	9.4%	9.2%	12.2%	\$19,115	\$6,947
15 to 25 years	42.6%	4.3%	21.5%	10.5%	9.9%	10.7%	\$40,826	\$14,589
25+ years	43.1%	4.2%	26.8%	7.3%	8.4%	9.7%	\$56,056	\$39,421
Participant-Weighted <sup>1</sup>	46.3%	3.9%	21.4%	8.3%	8.6%	11.1%	\$37,493	\$15,371
Dollar- Weighted	35.3%	4.5%	31.3%	8.6%	9.4%	10.3%		

Notes: <sup>1</sup> Equal-weighted by share of assets in participant account. Distribution of funds is based on administrative records for all respondents.





**Fig. 16.3 Average Asset Allocation of TSP Accounts by Participant Pay**

	<i>Percentage of Total TSP Account Balance by Fund</i>						<i>TSP Account Balance</i>	
	G Fund	F Fund	C Fund	S Fund	I Fund	L Fund	Mean	Median
Less than \$40K	64.1%	2.8%	12.3%	5.3%	5.7%	9.7%	\$12,772	\$3,055
\$40K to \$60K	48.1%	3.9%	20.0%	6.8%	8.1%	12.6%	\$25,130	\$11,690
\$60K to \$80K	41.2%	4.5%	21.8%	9.4%	9.9%	12.8%	\$35,881	\$18,148
\$80K to \$100K	34.7%	4.4%	27.3%	11.7%	11.0%	10.7%	\$50,929	\$28,009
\$100K and Over	36.8%	4.2%	28.5%	10.7%	9.9%	9.7%	\$74,181	\$48,898
Participant-Weighted <sup>1</sup>	46.3%	3.9%	21.4%	8.3%	8.6%	11.1%	\$37,493	\$15,371
Dollar- Weighted	35.3%	4.5%	31.3%	8.6%	9.4%	10.3%		

Notes: <sup>1</sup> Equal-weighted by share of assets in participant account. Distribution of funds is based on administrative records for all respondents.

**Fig. 16.4 Average Asset Allocation of TSP Accounts in the G Fund and F Fund by Participant Age and Years of Service**

	<i>Percentage of Total TSP Account Balance Invested in The G &amp; F Funds</i>					All
	Less than 2 years	2 to 5 years	5 to 15 years	15 to 25 years	25+ years	
Less than Age 30	74.5%	58.1%	54.2%	-	-	59.1%
30 to 39	49.5%	48.9%	39.7%	40.8%	-	42.3%
40s	62.9%	66.0%	49.4%	41.9%	37.8%	44.6%
50 to 59	85.3%	67.8%	57.6%	55.5%	45.7%	51.0%
Age 60 and Over	74.0%	72.9%	68.9%	56.8%	53.9%	57.1%
All	69.1%	60.1%	49.0%	46.8%	47.3%	50.0%

The extent to which TSP investment allocations differ based on the resources members used in making their fund allocations may provide some insight on how informed their choices have been. In fact, respondents who received professional advice or reviewed the TSP website or publications tend to choose a more risky asset portfolio with a greater share of their TSP account in equities (See Figure 17.1 to 17.3). **These findings indicate that TSP members are actively using the educational materials provided through the TSP. These materials are also playing an important role in developing financial**





**literacy and promoting sound investment decisions among TSP members.** Figure 17.2 supports the idea that higher income workers are more likely to seek professional advice on their accounts.

**Fig. 17.1 Resources Used by TSP Members to Determine Investment Strategy**

*Q17. How did you determine where to invest your TSP money?*

	CSRS	FERS	Uniformed Services	All
Reviewed TSP website/publications	33.0%	27.9%	36.5%	33.1%
Advice from a financial professional	14.9	11.3	15.7	14.3
Advice from co-workers	17.3	12.6	7.7	11.9
Advice from family/friends	14.2	13.9	9.0	11.9
Spoke with TSP representative	1.4	1.6	3.2	2.2

**Fig. 17.2 Resources Used by TSP Members to Determine Investment Strategy by Age and Pay**

*Q17. How did you determine where to invest your TSP money?*

	Age			Pay			Age All
	Less than Age 40	40s	Age 50 and Over	Less than \$40K	\$40K to \$80K	\$80K and Over	
Reviewed TSP website/publications	33.1%	36.1%	32.4%	22.7%	34.5%	39.7%	33.1%
Advice from a financial professional	12.3	15.4	15.1	7.2	12.3	22.2	14.3
Advice from co-workers	11.7	12.1	12.3	14.5	13.2	9.1	11.9
Advice from family/friends	13.6	12.9	10.9	12.0	12.7	11.0	11.9
Spoke with TSP representative	2.1	2.3	2.2	3.3	2.0	1.8	2.2

**Fig. 17.3 Resources Used by TSP Members to Determine Investment Strategy and Corresponding Assets Invested in the G and F Funds**

*Q17. How did you determine where to invest your TSP money?*

Resources	Percentage That Use Resource	Percentage of Assets invested in the G and F Funds	
		Use Resource	Don't Use Resource
Reviewed TSP website/publications	33.1%	37.5%	56.5%
Advice from a financial professional	14.3	35.8%	52.6%
Advice from family/friends	11.9	52.1%	50.0%
Advice from co-workers	11.9	45.7%	50.8%
Spoke with agency/service representative	2.2	68.3%	49.8%

*Notes: Distribution of funds is based on administrative records for all respondents.*







## Sources of Retirement Income

Retirees typically depend on multiple sources of income during retirement. TSP participants were asked to rank their top three expected sources of retirement income. In general, respondents report that they consider each “leg of the stool” but believe their Federal Government-sponsored retirement plans to be the most important (See Figures 18.1 to 18.3).

FERS members underline many different sources of retirement income (See Figure 18.1). The TSP is mentioned by nearly one in four FERS members as being the primary income source in retirement. In fact, more than 67 percent of FERS members identify the TSP account as an important retirement resource, which is twice as high as the ranking given to the FERS annuity plan. FERS members also view Social Security as a critical source of future retirement income.

It is not at all surprising that members of the CSRS and the uniformed services identify their respective annuity-based pensions most often as critical sources of future retirement income (See Figures 18.2 & 18.3). The CSRS annuity plan is mentioned by nearly three in four CSRS members as the most important source of future retirement income and in total, it is mentioned by nearly four in five as being among the top three sources.

**Fig. 18.1 Top 3 Most Important Sources of Future Retirement Income for FERS Members**  
Q7. Rank your TOP 3 most important expected sources of retirement income.

	Ranking of Sources			% Mentioned
	1st	2nd	3rd	
TSP account	23.4%	25.7%	18.0%	67.1%
Social Security	13.1	22.3	27.5	62.9
FERS/CSRS annuity	12.1	11.1	10.4	33.6
Military pension	11.5	4.3	2.4	18.2
Income from work	10.4	5.7	7.5	23.6
Personal savings (e.g. IRA)	9.9	13.0	12.4	35.4
Other retirement plan (non-gov't)	7.9	6.3	5.6	19.8
Home Equity	4.5	4.4	7.2	16.1

Notes: Based on FERS respondents.

While nearly as many uniformed service members identify their military pension as critical (73 percent), only 40 percent highlight it as their top choice. Both CSRS





members and those in the Uniformed Services identify the TSP as a very important supplementary source of future income. Compared to other sources of retirement income, it is the second most mentioned income source for both.

**Fig. 18.2 Top 3 Most Important Sources of Future Retirement Income for CSRS Members**  
 Q7. Rank your TOP 3 most important expected sources of retirement income.

	Ranking of Sources			% Mentioned
	1st	2nd	3rd	
FERS/CSRS annuity	72.4%	4.7%	0.7%	77.8%
Income from work	9.7	6.5	6.6	22.8
Home Equity	2.1	4.5	9.7	16.3
Other retirement plan (non-gov't)	2.1	3.8	3.5	9.4
Personal savings (e.g. IRA)	1.7	18.5	21.4	41.5
Social Security	1.3	10.0	11.8	23.0
Military pension	1.2	3.9	0.7	5.7
TSP account	1.1	38.6	30.2	69.8

Notes: Based on CSRS respondents.

**Fig. 18.3 Top 3 Most Important Sources of Future Retirement Income for Uniformed Service Members**

Q7. Rank your TOP 3 most important expected sources of retirement income.

	Ranking of Sources			% Mentioned
	1st	2nd	3rd	
Military pension	40.3%	21.9%	11.7%	73.8%
Other retirement plan (non-gov't)	15.7	9.7	5.9	31.3
Personal savings (e.g. IRA)	11.7	21.0	13.7	46.4
Income from work	9.9	7.0	5.6	22.4
FERS/CSRS annuity	6.1	3.2	2.2	11.5
TSP account	5.6	16.4	25.4	47.4
Social Security	3.1	12.3	23.7	39.0
Home Equity	2.1	3.0	5.3	10.4

Notes: Based on Uniformed Service respondents.

When combined into a single table, the relative importance of annuity plans and the TSP as a future source of retirement income to Federal workers and uniformed service members becomes even more apparent (See Figure 19). It is quite clear that the Federal workers and service members heavily rely on the Federal government's retirement program for a secure retirement. While not mentioned as often, personal savings and Social Security are also viewed as critical to a secure retirement. Finally, nearly a quarter of all Federal workers and uniformed service members expect to receive retirement income from work and this is consistent across respondents from the different retirement systems.





**Fig. 19. Sources of Future Retirement Income Mentioned as Top 3 Most Important by Retirement System**

Q7. Rank your TOP 3 most important expected sources of retirement income.

	All	FERS	CSRS	Uniformed Services
TSP account	59.5%	67.1%	69.8%	47.4%
Personal savings (e.g. IRA)	41.9	35.4	41.5	46.4
Social Security	40.9	62.9	23.0	39.0
Military pension	38.1	18.2	5.7	73.8
FERS/CSRS annuity	37.4	33.6	77.8	11.5
Income from work	22.8	23.6	22.8	22.4
Other retirement plan (non-gov't)	21.6	19.8	9.4	31.3
Home Equity	13.7	16.1	16.3	10.4

Notes: Based on all respondents.

FERS members respond quite differently from CSRS and uniformed service members to the questions regarding sources of future retirement income. The retirement package provided to FERS members closely resembles those offered by large private sector organizations, with more balance between employer-directed plans and self-directed accounts. The Watson Wyatt Retirement Attitude Survey (WWRAS—2004) asked over 8,000 employees from nearly 1,000 large private sector organizations to identify their most important source of future retirement income. In general, survey responses from FERS members closely parallel those made by WWRAS respondents. About an equal percentage identify the annuity plans and the self-directed account plan as their most important source of future retirement income (See Figure 20).

**Fig. 20. Most Important Source of Future Retirement Income**

Q7. Rank your TOP 3 most important expected sources of retirement income.

	TSP Survey			WWRAS*
	FERS	CSRS	Uniformed Services	Overall
FERS/CSRS annuity	12.1%	72.4%	6.1%	25.6%
Military pension	11.5	1.2	40.3	
TSP account	23.4	1.1	5.6	28.3
Social Security	13.1	1.3	3.1	18.8
Personal savings (e.g., IRA)	9.9	1.7	11.7	13.7
Income from work	10.4	9.7	9.9	5.7

Notes: Based on all respondents. N=3467

\*Source: Watson Wyatt Retirement Attitude Survey (2004)





## Retirement Goals and Expectations

Financial planners often recommend that workers strive for retirement income of at least 70 percent of their pre-retirement earnings. Many respondents report expectations that align very closely with this conventional wisdom. In fact, over one third of survey participants believe they will need more than 80 percent of their annual income in order to live comfortably in retirement (See Figure 21.1 & 21.2). This belief varies by retirement system, with CSRS employees generally reporting that they need a lower percentage of their working income in retirement. When results from this survey are matched to the WWRAS, Federal workers and members of the Uniformed Services provide very similar responses to those of private sector employees who are covered by both defined benefit and defined contribution plans.

**Fig. 21.1 Percentage of Pre-Retirement Income Required to Live Comfortably in Retirement**

Q5. *Approximately what percentage of your annual pre-retirement pay do you think you need to live comfortably when you retire?*

	TSP Survey				WWRAS*
	All	FERS	CSRS	Uniformed Services	Covered by DB & DC
Less than 40%	1.9%	1.9%	1.3%	2.3%	1%
40 to 59%	15.4	15.6%	14.1%	16.2%	15%
60 to 79%	36.4	29.9%	40.3%	37.9%	35%
80 to 99%	22.4	21.1%	23.8%	22.4%	25%
100%+	13.4	17.9%	10.3%	12.6%	16%
Don't Know	10.5	13.6%	10.2%	8.6%	8%

Notes: Based on all respondents.

\*Source: Watson Wyatt Retirement Attitude Survey (2004)

**Fig. 21.2 Percentage of Pre-Retirement Income Required to Live Comfortably in Retirement by Age and Pay**

Q5. *Approximately what percentage of your annual pre-retirement pay do you think you need to live comfortably when you retire?*

	Age			Pay			All
	Less than Age 40	40s	Age 50 and Over	Less than \$40K	\$40K to \$80K	\$80K and Over	
Less than 40%	1.5%	1.6%	2.1%	2.8%	1.9%	1.4%	1.9%
40 to 59%	14.9	12.8	17.3	16.2	15.4	15.6	15.4
60 to 79%	34.5	38.5	37.2	26.6	38.0	42.6	36.4
80 to 99%	19.3	25.8	22.7	15.8	21.5	29.1	22.4
100%+	17.9	13.2	11.7	21.7	14.2	7.7	13.4
Don't Know	12.0	8.1	9.0	16.9	9.0	3.6	10.5

Notes: Based on all respondents.





Some workers, however, may be underestimating their income needs in retirement. Overall, about 17 percent of respondents believe they can retire comfortably on less than 60 percent of their pre-retirement annual income. Of greater concern, 10 percent of respondents can not estimate how much income they would need in retirement. Taken together, more than a quarter of all surveyed workers (slightly higher for FERS members) either believe they need less than financial planners generally recommend or are unable to estimate their income needs.

One question that remains hotly debated by academics and practitioners is whether the 70 percent pre-retirement income target will be sufficient given the imminent costs that will be borne by the America's retirement system as the Baby Boom Generation begins retiring. Results from EBRI's 2006 Retirement Confidence Survey show that over 50 percent of retirees believe they needed about the same or more than their pre-retirement income, which is significantly higher than current expectations of the Federal workforce and the Uniformed Services.<sup>7</sup> It is very important for workers to set realistic expectations about their retirement income needs so they are not overly complacent about saving for retirement throughout their career.

For workers born in 1960 or later, normal retirement age under Social Security is 67. However, many Federal workers plan to retire much sooner. Thirty-six percent of TSP members anticipate retiring by age 60, which is 5 percentage points higher than private sector employees covered by both a company-sponsored defined benefit and a defined contribution plan (See Figure 22.1 & 22.2) reported. More than two out of five (42 percent) CSRS members plan to enter full retirement in their fifties compared to one in four (26 percent) FERS members. This means that the average CSRS member anticipates a retirement period of more than 20 years; a significant share of CSRS members, in fact, expect a retirement period approaching 25 years.

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<sup>7</sup> See Ruth Helman, Mathew Greenwald & Associates, Craig Copeland, and Jack VanDerhei, 2006. "Will More of Us Be Working Forever? The 2006 Retirement Confidence Survey," EBRI Issue Brief No. 292, April.





**Fig. 22.1 Planned Retirement Age by Retirement System**

Q8. At what age do you plan to retire from all full-time employment?

	TSP Survey				WWRAS*
	Overall	FERS	CSRS	Uniformed Services	Covered by DB & DC
Younger than 55	5.8%	4.4%	2.4%	8.7%	6%
55 to 59	28.1	20.3	38.8	26.8	25%
60 to 61	13.6	10.4	13.3	15.7	15%
62 to 64	17.0	19.8	19.1	14.0	18%
65	13.0	14.7	9.3	14.0	22%
66 or older	22.5	30.4	17.1	20.8	13%

Notes: Excludes respondents who self-report as being already retired or Don't Know. N=2801

\*Source: Watson Wyatt Retirement Attitude Survey (2004)

**Fig. 22.2 Planned Retirement Age by Age and Pay**

Q8. At what age do you plan to retire from all full-time employment?

	Age			Pay			All
	Less than Age 40	40s	Age 50 and Over	Less than \$40K	\$40K to \$80K	\$80K and Over	
Younger than 55	12.6%	6.6%	1.5%	8.1%	5.7%	4.7%	5.8%
55 to 59	33.2	35.1	20.8	23.0	30.6	28.0	28.1
60 to 61	15.1	13.0	13.2	12.2	14.3	13.4	13.6
62 to 64	9.1	15.9	22.2	14.5	16.7	18.6	17.0
65	13.5	12.4	13.2	14.1	12.3	12.9	13.0
66 or older	16.5	17.1	29.2	28.1	20.4	22.4	22.5

Notes: Excludes respondents who self-report as being already retired or Don't Know

For those who plan to retire younger – before age 60 – there appears to be a strong connection to the size of their account balance. For respondents in their forties, nearly three out of five respondents with a TSP account balance over \$50,000 plan to retire before age 60, while only a third with smaller account balances (under \$25,000) see themselves exiting the workforce at that age (See Figure 23.1 & 23.2). Many respondents with low TSP account balances anticipate retiring much later with nearly 37 percent planning to retire at age 65 or older.

**Fig. 23.1. Planned Retirement Age for Workers in their Forties**

	TSP Account Balance				
	Less than \$5K	\$5K to \$25K	\$25K to \$50K	\$50K to \$100K	\$100K and Over
N=1,114					
<b>Before 60</b>	34.3%	38.0%	48.2%	55.5%	61.9%
<b>Between 60 &amp; 65</b>	30.0	32.8	26.2	27.4	25.0
<b>65 and Older</b>	35.8	29.2	25.7	17.1	13.1

Notes: Excludes respondents who self-report as being already retired and Don't Know.





**Fig. 23.2 Planned Retirement Age for Workers in their Fifties**

	TSP Account Balance				
	Less than \$5K	\$5K to \$25K	\$25K to \$50K	\$50K to \$100K	\$100K and Over
<i>N=1,160</i>					
<b>Before 60</b>	18.5%	31.7%	35.8%	46.7%	40.4%
<b>Between 60 &amp; 65</b>	34.7%	37.5%	37.3%	35.5%	49.3%
<b>65 and Older</b>	46.8%	30.8%	26.9%	17.8%	10.3%

Notes: Excludes respondents who self-report as being already retired and Don't Know.

Working during retirement is a growing trend in the U.S. labor market. With the aging of the workforce and the potential for skills shortages with the retiring of the Baby Boom Generation, older workers have become a new value proposition for U.S. companies. In fact, America's largest corporations have developed formal programs such as phased retirement and flexible work arrangements – to appeal to an aging workforce and encourage longer working lives.

Federal employees and those in the Uniformed Services indicate a somewhat modest appetite for working after retiring from the Federal government. Less than one third of respondents indicate a strong interest in working following retirement while another third indicate they are somewhat likely to work post-retirement. The final one third is indifferent or indicates that they were unlikely to work after retiring from the Federal government.

**Fig. 24.1 Likelihood to Work after Retiring from the Federal Government by Retirement System**

Q11. Assume you continue to work for the Federal Government until you can retire. What is the likelihood that you will work for pay after you retire?

<i>N=4,078</i>	<u>FERS</u>	<u>CSRS</u>	<u>Uniformed Services</u>	<u>All</u>
<b>Very Likely to Work</b>	25.3%	27.2%	35.0%	29.9%
<b>Somewhat Likely to Work</b>	35.8%	31.6%	34.7%	34.7%
<b>Less Likely to Work</b>	38.9%	41.3%	30.3%	35.8%

Notes: Includes Actives only. *Very Likely to Work* includes those who respond "Very Likely" to work (1 out of 5) after retiring for the Federal Government. *Somewhat Likely to Work* includes those who respond "Somewhat Likely" to work (2 out of 5). *Less Likely to Work* includes those who respond "Neither Likely Nor Unlikely", "Somewhat Unlikely" or "Very Unlikely" to work (3, 4, or 5 out of 5).





For near retirees, expectations about working after retirement appear to be influenced by the amount of funds in their TSP accounts. However, this is not the case for workers over a decade from retirement (see Figure 24.2). On average, workers who are less likely to work after retiring have nearly \$20,000 more in their TSP accounts than those who indicate a strong likelihood of working later in life. This finding may reflect both the need to work for financial reasons, as well as a desire to remain active. The difference in the average TSP account balances is likely not sufficient to make a significant difference in filling the income needs in retirement. It is unclear whether those with higher TSP account balances also have higher savings elsewhere.

**Fig. 24.2 TSP Account Balances by Participant Age and Likelihood to Work after Retiring from the Federal Government**

Q11. Assume you continue to work for the Federal Government until you can retire. What is the likelihood that you will work for pay after you retire?

		<u>Age Group</u>			<u>All</u>
		<u>&lt;40</u>	<u>40s</u>	<u>50+</u>	
<i>N=4,078</i>					
<b>Very Likely to Work</b>	30.0%	\$9,990	\$37,110	\$45,598	\$34,390
<b>Somewhat Likely to Work</b>	34.2%	\$8,567	\$33,879	\$48,469	\$31,691
<b>Less Likely to Work</b>	35.8%	\$12,152	\$29,274	\$61,743	\$42,345
<b>All</b>		\$10,056	\$33,264	\$52,859	\$36,302

Notes: Includes Actives only. *Very Likely to Work* includes those who respond "Very Likely" to work (1 out of 5) after retiring for the Federal Government. *Somewhat Likely to Work* includes those who respond "Somewhat Likely" to work (2 out of 5). *Less Likely to Work* includes those who respond "Neither Likely Nor Unlikely", "Somewhat Unlikely" or "Very Unlikely" to work (3, 4, or 5 out of 5).

## Conclusion on TSP Benefits and Services

Overall, participants are highly satisfied with the TSP. Eighty-five percent of respondents gave the TSP a favorable rating when asked about their overall satisfaction with the plan. Members are highly satisfied with the ease of making changes in their investment allocations and contribution percentage. Members are also generally satisfied with the information available to them about the TSP especially that which is available through the TSP Web site. In general, TSP participants have a more conservative investment approach than is typically seen in the private sector 401(k) plans. However, participants who review the TSP Web site tend to invest a greater share of their TSP funds in equities.







Participants see the TSP as a very important source of their retirement income. FERS members indicate that it is the most important, as over 7 in 10 rank it among their top three most important sources of retirement income. CSRS and uniformed services members highlight their annuity plans most often but mention the TSP as the next most important to providing a secure retirement.





## Part C: Potential Changes to the TSP

### Introduction

In Section C of the survey, we asked participants to respond to possible changes to the TSP services and investments that are under consideration by the FRTIB. As some participants may be unfamiliar with these issues, a “don’t know” response was offered for most questions. In addition, a significant number of participants declined to offer any response to some questions. As the number of people who select “don’t know” or skip these questions is particularly relevant in gauging TSP participants’ awareness of, and desire for, certain services or investments, we have discussed this group separately in our findings.

### Automatic Enrollment

In response to recent pension reform legislation, many organizations are considering automatically enrolling new employees in their 401(k) system unless they expressly choose not to be enrolled – creating an opt-out system. The TSP program is an opt-in system. New employees or service members do not have contributions to the TSP deducted from their paycheck unless they specifically elect those deductions. Some Federal employees and uniformed service members do not contribute to the TSP. The TSP is considering automatic enrollment for new Federal employees and uniformed services members by having agencies or services automatically deduct employee contributions, unless an individual specifically chooses not to participate. Academic research shows that automatic enrollment tends to increase overall participation rates and encourages many employees to better prepare for their retirement. However, automatic enrollment can lead to contribution rates that are too low and asset allocations that are excessively concentrated in the default fund. Survey participants were asked to assess whether automatically enrolling new employees or service members is a good idea.





Overall, respondents are strongly in favor of automatic enrollment. Nearly two thirds of all respondents agree that automatic enrollment of new employees in TSP is a good idea compared to only 20 percent who disagree (See Figure 25.1-4).

Automatic enrollment is popular in all three retirement systems. In addition, there is not a large difference between the degree of support for automation by the lowest paid respondents versus the highest paid respondents (see Figure 25.3). There is also no difference in support by people in the FERS system who only have the automatic 1.1% agency contribution (see Figure 25.4).

**Fig. 25.1. Automatic Enrollment of new employees or service members is a good idea... (by Retirement System)**

System	Agree	Neutral	Disagree	Don't Know/No response
<i>FERS</i>	67%	10%	18%	5%
<i>CSRS</i>	67%	9%	16%	8%
<i>Uniformed Services</i>	63%	8%	24%	4%
<i>All Respondents</i>	66%	9%	20%	6%

**Fig. 25.2. Automatic Enrollment of new employees or service members is a good idea... (by Age)**

Age	Agree	Neutral	Disagree	Don't Know/No response
<i>&lt; 40</i>	63%	9%	25%	3%
<i>40-49</i>	66%	8%	23%	3%
<i>50 and over</i>	68%	9%	17%	6%
<i>All Respondents</i>	66%	9%	20%	6%

**Fig. 25.3. Automatic Enrollment of new employees or service members is a good idea... (by Pay)**

Income	Agree	Neutral	Disagree	Don't Know/No response
<i>&lt; \$40,000</i>	63%	10%	21%	6%
<i>\$40,000 - \$80,000</i>	65%	9%	21%	5%
<i>\$80,000 and over</i>	70%	8%	19%	3%
<i>All Respondents</i>	66%	9%	20%	6%

**Fig. 25.4. Automatic Enrollment of new employees or service members is a good idea... (by Non-Participants)**

Income	Agree	Neutral	Disagree	Don't Know/No response
<i>Non-participants*</i>	70%	17%	6%	8%

\*Non-participants are respondents in the FERS system who only have the 1.1% agency automatic contribution – i.e. have not made any contributions themselves over the past 2 years.





## Automatic Enrollment and Default Elections

Participants may choose how their TSP money is allocated across the available investment options (i.e., the G, F, C, S, I and L Funds). When participants do not make allocation choices, their contributions are automatically invested in the Government Securities (G) Fund. The G Fund earns interest and does not incur losses, but may not provide a high enough return to meet long-term retirement goals. The TSP is considering changing the default election to automatically invest these contributions in an age-appropriate Lifecycle (L) Fund, based upon the specific participant's estimated retirement date. In the Lifecycle Funds, money is allocated more heavily toward stocks for younger participants which may result in greater asset fluctuation but have higher expected returns. As retirement nears, the L Fund is invested more heavily in Government securities and bonds.

Survey respondents were asked to select which of these two fund types – the Government Securities (G) Fund or an age appropriate Lifecycle (L) Fund – should be used as a default fund for those TSP contributors who do not specify where to invest their funds. **As shown in Figure 26, almost half (49 percent) of respondents prefer the L Fund, compared to 27 percent of respondents who prefer the G Fund.** The remaining 24 percent of respondents have no preference between these two funds. These results are closely tied to attitudes regarding automatic enrollment in general. Those who agree that automatic enrollment is a good idea (nearly 70 percent of all respondents) favor the L Fund over the G Fund by 55 percent to 24 percent. For those who are neutral about automatic enrollment, a plurality are also neutral between the L and G funds as the default fund. However, this group is more likely to select the L Fund than the G Fund as the default fund. Of those who disagree with the statement that automatic enrollment is a good idea, 40 percent prefer the L Fund over the G Fund – although the difference is not statistically significant at conventional levels.





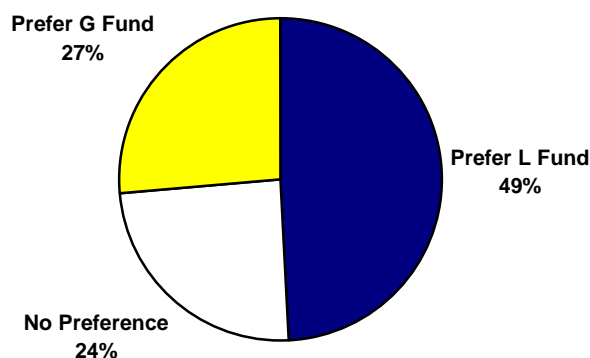
**Fig. 26. Default Fund Preference both Overall and By Support for Automatic Enrollment**

Default Fund	Automatic Enrollment is a good idea			Overall
	Agree	Neutral	Disagree	
<i>Prefer age-appropriate Lifecycle (L) Fund</i>	55%	34%	40%	49%
<i>No preference</i>	21%	39%	26%	24%
<i>Prefer the Government (G) Fund</i>	24%	27%	34%	27%
<b>Total</b>	100%	100%	100%	100%
<b>Don't Know/No response</b>	47	6	13	66

\*Percentages are based on number of respondents who gave that answer divided by the total number of responses to that item, excluding "don't know's", "not applicable's" or no response.

Overall, respondents who express a preference between the L Fund and the G Fund as the default investment fund are twice as likely to prefer the L Fund (See Figure 27).

**Fig. 27. Preference for Default Fund (All Respondents)**



There is a strong relation between a respondent’s individual TSP investment strategy and their preferred default fund. Respondents were asked to describe their approach for investing the money in their TSP account on a scale ranging from very aggressive/high risk to very cautious/low risk. Their responses to this question are reflected in their preferences for the L or G Fund as the default investment fund (See Figure 28). A substantial majority of those who pursue an aggressive investment strategy with their TSP funds prefer the L Fund (63 percent) over the G Fund (18 percent) as the default fund. Respondents who report a balanced investment strategy between aggressive and cautious are twice as likely to prefer the L Fund over the G Fund—50 percent to 25 percent. However, those who describe their own investment strategy as cautious with low or no risk are slightly more likely to prefer the G Fund to the L Fund (41 percent vs. 35 percent).





**Figure 28. Default Fund Preference by Respondent Investment Strategy**

Investment Strategy	N	Default Fund Preference		
		Prefer G Fund	No Preference	Prefer L Fund
<i>Aggressively Moderate to High Risk</i>	1808	18%	19%	63%
<i>Balanced between Aggressive and Cautious</i>	1410	25%	25%	50%
<i>Cautious Low to No risk</i>	1278	41%	24%	35%

Preferences for the default fund differ among the individual systems (See Figure 29.1). Forty-two percent of CSRS participants prefer the L Fund as the default fund, while 54 percent of uniformed service members prefer the L Fund. The difference in preferences between the L Fund and the G Fund was highest at 29 percentage points for respondents in the Uniformed Services and lowest at 11 percentage points for those in the CSRS system. There is no retirement system where respondents are more likely to select the G Fund as the default investment fund over the L Fund.

**Fig. 29.1. Default Fund Preference by Retirement System**

System	N	Default Fund		
		Prefer G Fund	No Preference	Prefer L Fund
<i>FERS</i>	1349	24%	27%	49%
<i>CSRS</i>	1440	31%	26%	42%
<i>Uniformed services</i>	2090	25%	21%	54%

**Fig. 29.2. Default Fund Preference by Age**

Age	N	Default Fund		
		Prefer G Fund	No Preference	Prefer L Fund
<i>&lt; 40</i>	1151	21%	24%	55%
<i>40-49</i>	1277	25%	22%	53%
<i>50 and over</i>	2417	29%	26%	45%

**Fig. 29.3. Default Fund Preference by Income**

Income	N	Default Fund		
		Prefer G Fund	No Preference	Prefer L Fund
<i>&lt; \$40,000</i>	1029	29%	29%	42%
<i>\$40,000 - \$80,000</i>	2098	26%	26%	48%
<i>\$80,000 and over</i>	1604	25%	20%	56%





**Fig. 29.4 Preference for L Fund vs. G Fund as the Default Option by Participation Status**  
 Q22. Preference for L Fund vs. G Fund as the Default Option

	N	Default Fund		
		Prefer the L Fund	Neutral	Prefer the G Fund
Non-Participants(1)	768	45.7%	29.4%	24.9%
Participants	2991	51.6%	23.4%	25.1%

Notes: (1) Includes active employees who are not currently contributing to the TSP. Participation is based on administrative records, since it reflects current contribution decisions while the survey captures whether the respondent contributed over the last two years.

### Additional Investment Options and Services

There are currently five investment funds available to TSP participants– the Government (G) Fund, the Fixed Income (F) Fund, the Common Stock Index Investment (C) Fund, the Small Capitalization Stock Index (S) Fund, the International Stock Index Investment (I) Fund – as well as a group of age-appropriate Lifecycle (L) Funds. The L Funds are the most recent additions. The TSP is considering adding new funds and services, which would modestly increase the expenses that all participants pay. The new funds that are being considered may provide participants greater flexibility and opportunities for investment diversification. Furthermore, new services may aid participants in tax planning decisions. At the same time, these changes may increase the complexity of the plan. The flexibility, diversification, and tax planning benefits of the new funds and services may or may not be worth the increased expense and complexity.

TSP survey respondents were asked to consider both the positive and negative aspects of proposed changes and to indicate whether adding a Roth 401(k) – which would allow participants to have some or all of their future contributions treated differently for tax purposes - or a wider selection of investment options would make the TSP a better program. As shown in Figure 30, a majority of respondents (60%) agree that providing an option to contribute to a Roth 401(k) account would make the TSP a better program, while a plurality (46%) agree that offering a wider selection of investment options would do so.





**Fig. 30. Overall Respondent Support for additional Investment Services and Options**

The TSP would be a better program if it .....				
Item	Agree	Neutral	Disagree	Don't Know/No Answer
....provided an option to contribute to a Roth 401(k) account	60%	16%	11%	12%
.....offered a wider selection of investment options.	46%	24%	19%	12%

### Adding the Roth 401(k) Option

A strong majority of respondents favor adding an option to contribute to a Roth 401(k) account to the TSP program while very few respondents disagree (60 percent favorable to 11 percent unfavorable – see Figure 31). The strongest support for adding this option is in the uniformed services system. The primary advantage of a traditional 401(k) account is to allow participants to make pre-tax contributions during working years when income and tax rates are typically higher, and to defer taxes until retirement years when expected income and tax rates will typically be lower. The Roth 401(k) plan requires making after-tax contributions but provides tax advantages in the future. For many participants in the Uniformed Services, current income and tax rates may be as low as or lower than their expected future tax rates. For someone in this position, the advantage of the Roth 401(k) is substantial. In the civilian sector the support for adding the Roth 401(k) is slightly weaker (56 percent in both the FERS and the CSRS) but still represents a significant majority of respondents. There is no system with more than 15 percent of respondents who disagree that adding an option to contribute to a Roth 401(k) account would make TSP a better program. However, there are also a significant number of people (approximately 12 percent of all respondents) who are unable or unwilling to respond to this item, suggesting a potential lack of awareness of what a Roth 401(k) option is.

**Fig. 31.1. Support for adding the Roth 401(k) account by retirement system**

The TSP would be a better program if it provided an option to contribute to a Roth 401(k) account.				
System	Agree	Neutral	Disagree	Don't Know/No Response
<i>FERS</i>	56%	20%	10%	14%
<i>CSRS</i>	56%	16%	13%	16%
<i>Uniformed Services</i>	66%	15%	11%	9%
<i>All Respondents</i>	60%	16%	11%	12%







**Fig. 31.2. Support for adding the Roth 401(k) account by age**

The TSP would be a better program if it provided an option to contribute to a Roth 401(k) account.				
Age	Agree	Neutral	Disagree	Don't Know/No Response
< 40	65%	16%	10%	10%
40-49	62%	16%	13%	9%
50 and over	58%	17%	11%	14%
All Respondents	60%	16%	11%	12%

**Fig. 31.3. Support for adding the Roth 401(k) account by income – All Participants**

The TSP would be a better program if it provided an option to contribute to a Roth 401(k) account.				
Income	Agree	Neutral	Disagree	Don't Know/No Response
< \$40,000	59%	18%	8%	16%
\$40,000 - \$80,000	61%	17%	11%	11%
\$80,000 and over	63%	15%	15%	8%
All Respondents	60%	16%	11%	12%

**Fig. 31.4. Support for adding the Roth 401(k) account by income - Unmarried Participants**

The TSP would be a better program if it provided an option to contribute to a Roth 401(k) account.					
Income	Agree	Neutral	Disagree	Don't Know /No Response	% with Roth IRA
< \$40,000	60%	18%	5%	17%	21%
\$40,000 - \$80,000	59%	17%	10%	14%	30%
\$80,000 - \$100,000	60%	16%	12%	12%	40%
\$100,000 or more	59%	12%	22%	7%	43%
All Respondents	59%	17%	10%	14%	30%

Additionally, there appears to be some disconnect between respondents preference for adding a Roth feature to the TSP and their actual usage of Roth account benefits. Roth IRA's have been in existence since 1997. A participant in the TSP, or any similar qualified retirement plan, may make Roth IRA contributions as long as their adjusted gross income (AGI) is below certain limits. The specific limits are \$95,000 for single filers and \$150,000 for joint filers. The tax benefits offered through a Roth account within the TSP would be substantially the same as those offered by the Roth IRA, except that there would not be an income limit. **While 60 percent of respondents prefer adding a Roth account to the TSP, only 32 percent have established a Roth IRA account.**





This differential may be partially explained by the income limitation imposed on the Roth IRA, but our preliminary data suggests that this is not the case for most participants. The data for unmarried participants (Figure 31.4) shows while there is no difference in the percentage of respondents who prefer having a Roth account in the TSP for those with an income less than \$80,000 – who would not be subject to income restrictions – and those with reported income of \$80,000-\$100,000, who might be and \$100,000 or more who are definitely subject to income restrictions,<sup>8</sup> there are differences in the percentage who currently have one. Participants with income of \$80,000-\$100,000 or \$100,000+ are roughly two times as likely to report having a Roth IRA than participants with incomes less than \$40,000, who are more likely to be bound by liquidity constraints. This higher income group may derive some benefit from adding Roth IRA option to the TSP.

### Additional Investment Options

More than twice as many respondents agree than disagree that the TSP would be a better program if it provided a wider selection of investment options (see Figures 32.1-3). This support is strongest among those in the uniformed services system – where 51 percent of respondents agree – and weakest for those in the CSRS system – where only 38 percent of respondents agree.

**Fig. 32.1. Support for adding investment options by retirement system.**

The TSP would be a better program if it offered a wider selection of investment options				
System	Agree	Neutral	Disagree	Don't Know/No Response
<i>FERS</i>	47%	26%	15%	12%
<i>CSRS</i>	38%	24%	22%	16%
<i>Uniformed Services</i>	51%	22%	19%	8%
<i>All Respondents</i>	46%	24%	19%	12%

<sup>8</sup> Note that it is not possible to determine whether married participants are subject to income restrictions on making contributions to a Roth IRA because we do not know their total household income.





**Fig. 32.2. Support for adding investment options by age.**

The TSP would be a better program if it offered a wider selection of investment options				
Age	Agree	Neutral	Disagree	Don't Know/No Response
< 40	54%	23%	16%	7%
40-49	48%	24%	20%	9%
50 and over	42%	25%	20%	13%
All Respondents	46%	24%	19%	12%

**Fig. 32.3. Support for adding investment options by income.**

The TSP would be a better program if it offered a wider selection of investment options				
Income	Agree	Neutral	Disagree	Don't Know/No Response
< \$40,000	46%	25%	14%	14%
\$40,000 - \$80,000	46%	25%	17%	11%
\$80,000 and over	48%	22%	24%	7%
All Respondents	46%	24%	19%	12%

The proportion of respondents who believe that adding additional investment options would make the TSP a better program is strongly related to the belief that adding investment options will encourage more Federal employees or service members to become contributors to the TSP (see Figure 33). For those who agree with this statement, 75 percent agree that providing additional investment options would make TSP a better program, compared to only 35 percent of respondents who do not believe it would encourage more people to become contributors.

**Fig. 33.**

<i>More investment options will encourage people to become contributors to the TSP</i>	The TSP would be a better program if it offered a wider selection of investment options.			
	Agree	Neutral	Disagree	Don't Know/No Response
<i>Yes (27% of respondents)</i>	75%	14%	5%	6%
<i>No (73% of respondents)</i>	35%	27%	24%	14%
<i>All Respondents</i>	46%	24%	19%	12%

Very few people (only 27 percent of respondents) believe that providing additional investment options will encourage more Federal employees or service members to become contributors to the TSP. This is consistent with the fact that only 5 percent of survey respondents who are active employees and not contributing to the TSP cite not





being satisfied with the investment options as a reason they do not contribute to the TSP. Academic research shows that extensive choice may hinder participation rates in 401(k) plans (see: **How Much Choice is Too Much?: Contributions to 401(k) Retirement Plans** by Sheena S. Iyengar, Wei Jiang, and Gur Huberman).

### **Adding Specific Investment Options**

If the FRTIB decides to provide additional investment options in the TSP, it must determine what type of fund to offer. Many possible funds could be added to the TSP investment options, each with its own investment characteristics. In addition, each new fund will have its own cost, which may also be a factor in whether TSP participants want to invest in that specific fund. Currently, individual funds in the TSP cost participants about \$3 a year for every \$10,000 they have in their accounts. If new funds are added to the TSP, they might have expenses that are significantly higher than this. Of course, the annual expenses of any new fund would be assessed only to participants who invested money in that fund.

Survey respondents were asked to indicate the cost level, in comparison to current TSP funds, at which they believe adding each of the investment options would be beneficial for most TSP participants. Many respondents were either unable or unwilling to answer these questions. The number of respondents who did not answer or responded with “don’t know” was significantly higher on these items than for other items within the survey, ranging from 26 to 33 percent of respondents (see Figure 34). This high proportion of “don’t knows” is likely to be the result of a combination of the complexity and length of the items as well as a perceived lack of adequate information to accurately assess the value of providing these types of funds. The figures that follow report the percentage of individuals who provided a particular answer to an item, such as to add the item even if it costs more, as a percentage of those who responded to the item, excluding those who responded “don’t know”. As a result, these percentages will be higher than the





proportion of TSP participants who would be interested in investing in that fund if it is added, unless this is accompanied by an intensive education program about the fund.

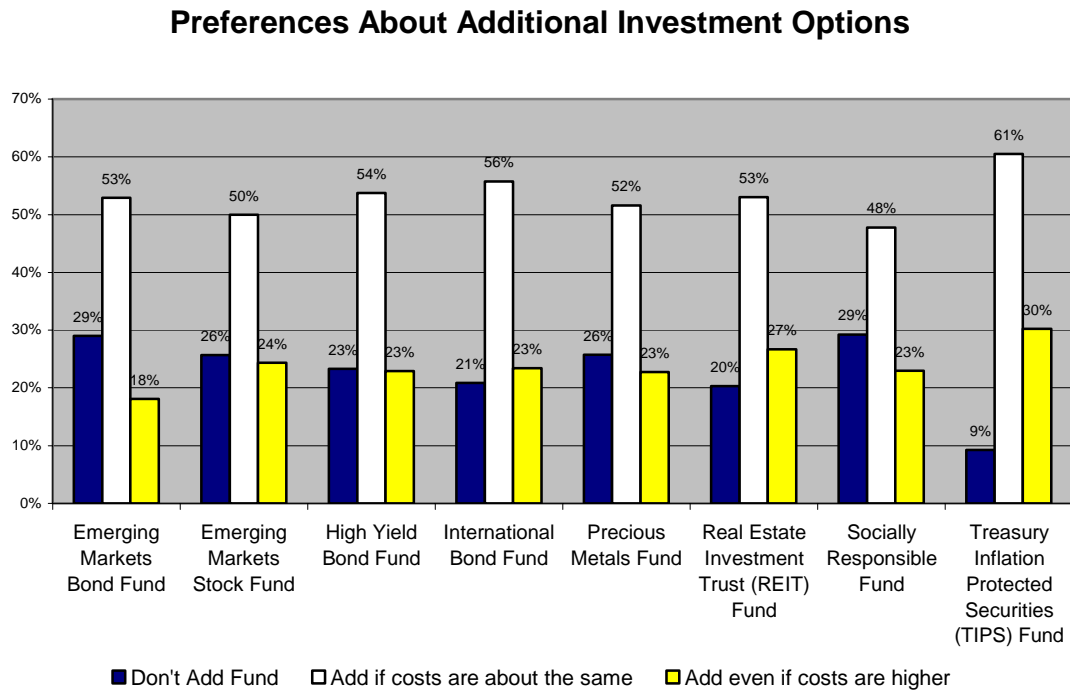
While TSP participants believe that providing additional investment options would make the TSP a better program, when it comes to adding specific funds, respondents are price sensitive. **None of the additional options that participants were asked to rate has a majority of respondents who are willing to add the fund if the costs are higher than current TSP funds.** Most respondents indicate that most funds should be added only if the costs for the new funds are about the same as the cost of current TSP funds (see Figure 34). In most cases the percentage of respondents who do not want to add the fund regardless of the cost is roughly equal to the percentage of respondents who are willing to add the fund even if the costs are higher than the costs of current TSP funds.

One factor that impacts how price sensitive respondents are to adding any specific fund is their attitude about adding new investment options. Respondents who disagree that adding wider investment options will make the TSP a better program are also more likely to report that specific investment options should not be added regardless of their costs. Respondents who agree that the TSP would be a better program if it added more investment options are more likely to believe specific options should be added even if they have higher costs than current ones.





**Fig. 34.1 New Investment Options for the TSP**



**Fig 34.2 New Investment Options for the TSP: % of non-respondents by Fund Type**

Fund Type	% of don't knows or no response
<i>Emerging Markets Bond Fund</i>	33%
<i>Emerging Markets Stock Fund</i>	31%
<i>High Yield Bond Fund</i>	30%
<i>International Bond Fund</i>	30%
<i>Precious Metals Fund</i>	30%
<i>Real Estate Investment Trust (REIT) Fund</i>	30%
<i>Socially Responsible Fund</i>	31%
<i>Treasury Inflation Protected Securities (TIPS) Fund</i>	26%

As shown in Figure 35.1, respondents who disagree that offering a wider selection of investments will make the TSP a better program are at least 3 times more likely to not want to add a fund regardless of cost than they are to want to add a fund, even if the costs are higher. This finding is consistent for every fund except the TIPS Fund. Between 40 percent and 53 percent of respondents who do not believe adding a wider selection of funds will make the TSP a better program believe that every fund, other than the TIPS Fund, should not be added, regardless of cost. In addition, almost 30 percent of





respondents said that the TSP should not add an Emerging Markets Bond Fund or a Socially Responsible Fund. In both cases, this was significantly more than the percentage of respondents who would support adding the fund regardless of cost. These individuals are generally inclined to oppose adding any new funds – perhaps believing that the additional complexity would offset any improvements of having more choices. However, in most cases these respondents are willing to add specific funds if their costs are about the same as existing TSP funds.

**Fig. 35 Preferences toward specific investment options by attitudes about offering wider investment options**

Fund	The TSP would be a better program if it offered a wider selection of investment options.								
	Disagree			Neutral			Agree		
	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>
<i>Emerging Markets Bond Fund</i>	53%	39%	8%	25%	59%	16%	19%	57%	24%
<i>Emerging Markets Stock Fund</i>	48%	40%	13%	23%	57%	21%	17%	52%	32%
<i>High Yield Bond Fund</i>	45%	44%	11%	20%	60%	21%	15%	56%	30%
<i>International Bond Fund</i>	41%	48%	11%	16%	62%	21%	14%	56%	30%
<i>Precious Metals Fund</i>	48%	41%	11%	22%	58%	20%	17%	54%	30%
<i>Real Estate Investment Trust (REIT) Fund</i>	40%	47%	13%	20%	59%	21%	12%	53%	36%
<i>Socially Responsible Fund</i>	46%	39%	15%	26%	53%	21%	23%	49%	28%
<i>Treasury Inflation Protected Securities (TIPS) Fund</i>	18%	61%	21%	6%	64%	30%	7%	59%	34%

\*Percentages are based on number of respondents who gave that answer divided by the total number of responses to that item, excluding "don't know's", "not applicable's" or no response.

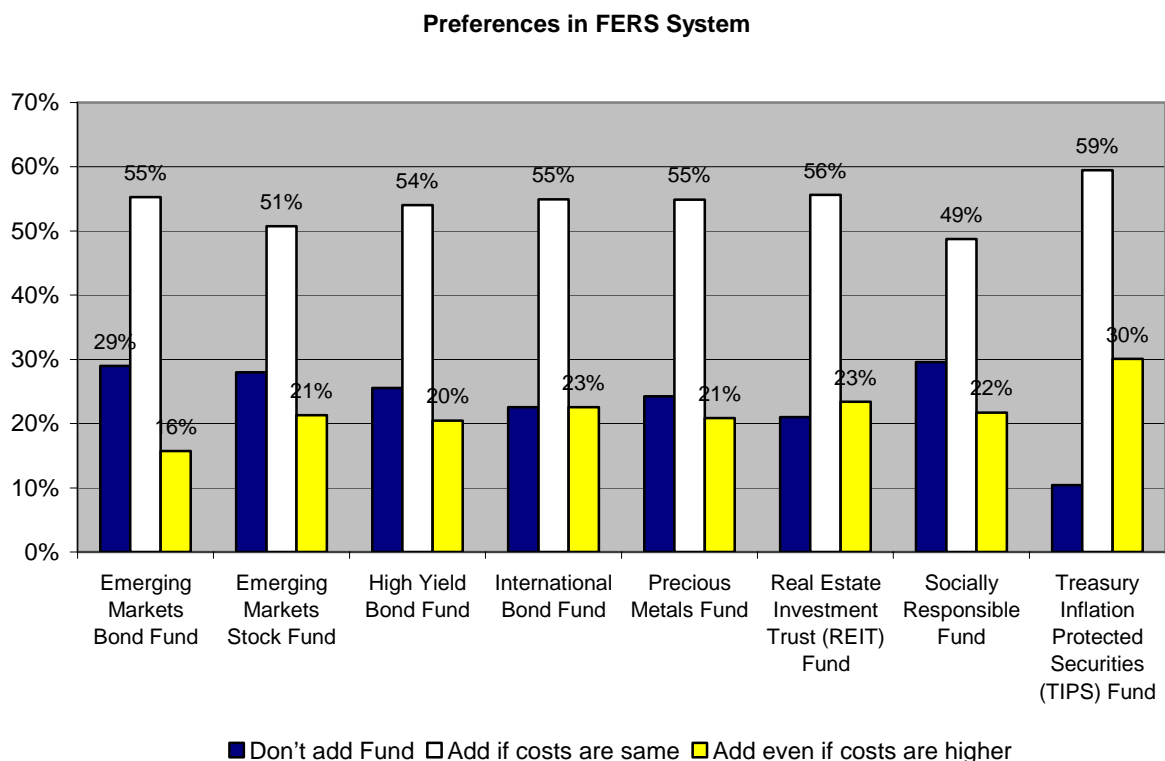
Respondents who believe the TSP will be a better program if it offers a wider selection of investment options may be the core constituency for new funds. These are the people who are most likely to be receptive to adding new funds and may be more likely to invest in the funds if they are added. These respondents are more likely to support adding each new fund even if the costs are higher than to say not to add the fund, regardless of cost,





for every fund. (This preference is not statistically significant for either the Emerging Markets Bond Fund or the Socially Responsible Fund.) Respondents who say that adding a wider selection of investment options will make the TSP a better program express the strongest support for the TIPS Fund.

**Fig. 36.1 Preferences About Individual Investment Options by Retirement System**



CSRS and uniformed services participants have significantly different attitudes on whether adding a wider selection of investment options will make the TSP a better program. We would expect to see these differences reflected in the attitudes regarding which funds to add, if any. There is no fund which even 30 percent of respondents from the CSRS would add if it costs more than existing TSP funds (see Figures 36.1-36.4). The TIPS Fund is also the only fund which members of the CSRS system are more likely to support adding even if its costs are higher than the costs of current TSP funds than they are to say not to add it, regardless of the cost. Participants in the FERS system have







attitudes similar to those in the CSRS, although they are generally less opposed to adding specific new funds overall.

Compared to employees in the FERS or CSRS systems, participants in the Uniformed Services are generally more likely to say to add specific investment funds even if they cost more than existing TSP funds. For people in the Uniformed Services, these gaps are strongest for the TIPS and the REIT funds, but are also positive for the International Bond Fund and Precious Metals Fund.

Fig. 36.2

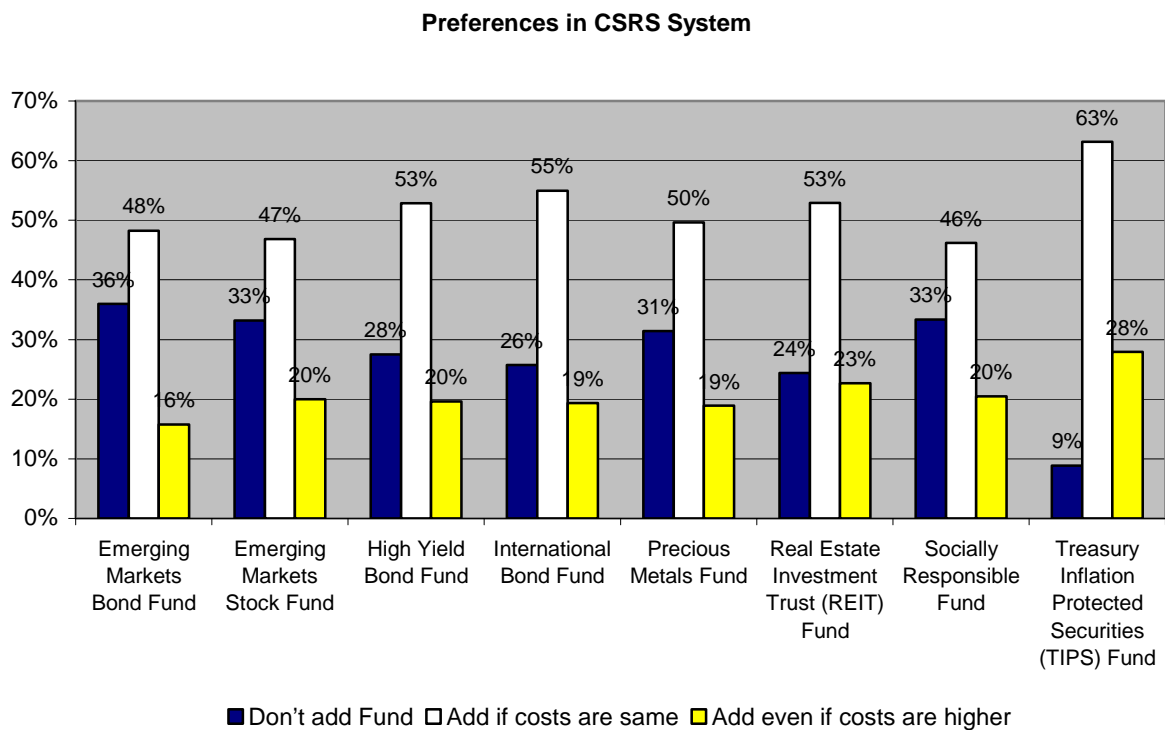




Fig. 36.3.

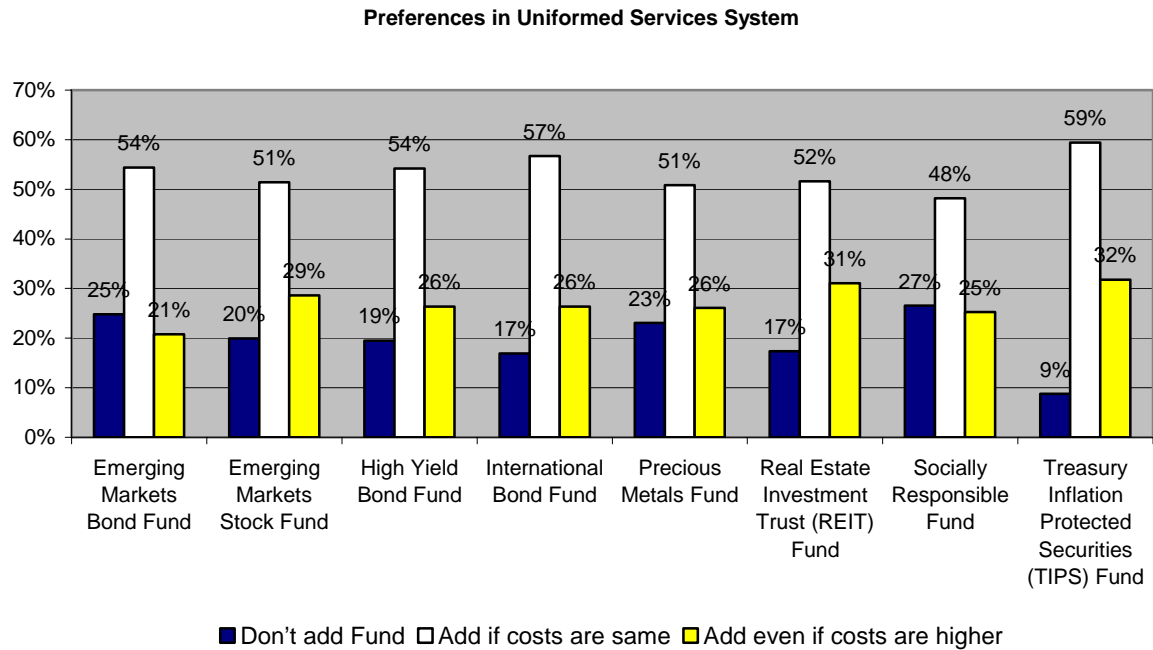


Fig. 36.4. Preferences toward specific investment options by attitudes about offering wider investment options: % of non-responses by Retirement System

Fund	FERS	CSRS	Uniformed Services
<i>Emerging Markets Bond Fund</i>	37%	37%	26%
<i>Emerging Markets Stock Fund</i>	36%	37%	25%
<i>High Yield Bond Fund</i>	34%	34%	24%
<i>International Bond Fund</i>	34%	35%	25%
<i>Precious Metals Fund</i>	34%	34%	25%
<i>Real Estate Investment Trust (REIT) Fund</i>	34%	33%	24%
<i>Socially Responsible Fund</i>	35%	35%	25%
<i>Treasury Inflation Protected Securities (TIPS) Fund</i>	30%	28%	22%





**Fig. 37.1**  
**Preferences toward specific investment options by Age**

Fund	Age								
	Less than 40			40-49			50 and older		
	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>
<i>Emerging Markets Bond Fund</i>	23%	54%	23%	29%	54%	17%	32%	51%	17%
<i>Emerging Markets Stock Fund</i>	20%	48%	32%	24%	52%	25%	29%	50%	21%
<i>High Yield Bond Fund</i>	19%	51%	29%	23%	56%	21%	26%	53%	21%
<i>International Bond Fund</i>	17%	52%	31%	19%	58%	23%	24%	56%	20%
<i>Precious Metals Fund</i>	16%	51%	32%	26%	53%	21%	30%	51%	19%
<i>Real Estate Investment Trust (REIT) Fund</i>	17%	49%	35%	21%	54%	25%	22%	54%	24%
<i>Socially Responsible Fund</i>	25%	46%	29%	29%	50%	21%	31%	48%	21%
<i>Treasury Inflation Protected Securities (TIPS) Fund</i>	9%	55%	36%	10%	61%	29%	9%	63%	28%

\*Percentages are based on number of respondents who gave that answer divided by the total number of responses to that item, excluding "don't know's", "not applicable's" or no response.

**Fig. 37.2**  
**Preferences toward specific investment options by attitudes about offering wider investment options: % of non-responses by Age**

Fund	Age		
	<i>Less than 40</i>	<i>40-49</i>	<i>50 and older</i>
<i>Emerging Markets Bond Fund</i>	33%	28%	33%
<i>Emerging Markets Stock Fund</i>	31%	27%	32%
<i>High Yield Bond Fund</i>	30%	26%	30%
<i>International Bond Fund</i>	31%	26%	31%
<i>Precious Metals Fund</i>	31%	26%	30%
<i>Real Estate Investment Trust (REIT) Fund</i>	30%	26%	29%
<i>Socially Responsible Fund</i>	29%	27%	31%
<i>Treasury Inflation Protected Securities (TIPS) Fund</i>	28%	23%	25%





**Fig. 37.3**  
**Preferences toward specific investment options by Income**

Fund	Income								
	Less than \$40,000			\$40,000 - \$80,000			\$80,000 or more		
	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>	<i>Don't add Fund</i>	<i>Add if costs are same</i>	<i>Add even if costs are higher</i>
<i>Emerging Markets Bond Fund</i>	32%	53%	16%	29%	54%	16%	27%	52%	21%
<i>Emerging Markets Stock Fund</i>	29%	53%	18%	27%	51%	22%	22%	48%	30%
<i>High Yield Bond Fund</i>	25%	54%	21%	23%	55%	21%	22%	52%	26%
<i>International Bond Fund</i>	23%	56%	22%	21%	57%	22%	19%	55%	25%
<i>Precious Metals Fund</i>	24%	55%	21%	23%	54%	23%	30%	47%	23%
<i>Real Estate Investment Trust (REIT) Fund</i>	22%	55%	23%	20%	55%	25%	19%	50%	31%
<i>Socially Responsible Fund</i>	27%	49%	24%	28%	49%	23%	32%	45%	23%
<i>Treasury Inflation Protected Securities (TIPS) Fund</i>	9%	59%	32%	9%	61%	30%	9%	61%	30%

\*Percentages are based on number of respondents who gave that answer divided by the total number of responses to that item, excluding "don't know's", "not applicable's" or no response.

**Fig. 37.4.**  
**Preferences toward specific investment options by attitudes about offering wider investment options: % of non-responses by Income**

Fund	Income		
	<i>Less than \$40,000</i>	<i>\$40,000 - \$80,000</i>	<i>\$80,000 or more</i>
<i>Emerging Markets Bond Fund</i>	43%	33%	22%
<i>Emerging Markets Stock Fund</i>	41%	32%	21%
<i>High Yield Bond Fund</i>	40%	30%	20%
<i>International Bond Fund</i>	40%	31%	20%
<i>Precious Metals Fund</i>	39%	30%	21%
<i>Real Estate Investment Trust (REIT) Fund</i>	38%	31%	19%
<i>Socially Responsible Fund</i>	39%	32%	20%
<i>Treasury Inflation Protected Securities (TIPS) Fund</i>	34%	27%	17%

If the FRTIB decides to add a new fund this may lead to other changes that might affect participants' attitudes about the benefit of adding these funds. Survey participants were





told that adding new funds may require the TSP to establish restrictions on the number of interfund transfers participants can make and/or the amount participants can invest in some funds and asked to evaluate the impact of these potential restrictions on whether they believe adding funds will benefit TSP participants. Among participants who agree that offering a wider selection of investment options would make the TSP a better program, only 28 percent of respondents would not change their opinion if restrictions were required, while 14 percent would definitely change their mind and a plurality might depending on how the restrictions were imposed (see Figure 38). Amongst those who disagreed that adding investment options would make the TSP a better program, only 21 percent would change their opinion if restrictions were required, compared to a total of 42 percent who do not think new funds should be added or who would not change their opinion.

**Fig. 38. Impact of Potential Restrictions on Participant Attitudes toward offering a wider selection of Investment Options**

Would adding funds still benefit TSP participants if restrictions were required?	The TSP would be a better program if it offered a wider selection of investment options.		
	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>
<i>I don't think any new funds should be added.</i>	22%	6%	3%
<i>New restrictions <u>would not</u> change my opinion.</i>	20%	20%	28%
<i>New restrictions <u>would</u> change my opinion.</i>	21%	15%	14%
<i>It depends on how the specific restrictions would be imposed.</i>	29%	36%	43%
<i>I don't know.</i>	7%	23%	12%
<i>Total</i>	100%	100%	100%

### Conclusion on Potential Changes to the TSP

Respondents strongly believe that automatic enrollment of new employees is a good idea. Since overall satisfaction with the TSP is very high at 85 percent, respondents may favor automatic enrollment because it will encourage people to achieve a desirable outcome—participation in a highly valued retirement system. These findings indicate support for





changing the system to include automatic enrollment with an “opt-out” provision from its current opt-in form.

The evidence from survey participants shows support for adding new investment options and services to the TSP. A significant majority of respondents – 60 percent – think the TSP would be a better program if it offered a Roth 401(k) option. Support for adding this service is strongest in the Uniformed Services but a significant majority agrees across all three systems.

A plurality (46%) of the respondents agree that the TSP will be a better program if it offers a wider selection of investment options, compared to 19 percent of respondents who disagree and over 12 percent don’t know or did not respond. When asked to evaluate specific fund types that might be added, between one fourth and one third of respondents don’t know or did not respond. Among those who did respond, the consensus among survey participants is that any fund with costs about the same as the costs of the funds currently in the TSP (roughly \$3 per \$10,000 in asset balance per year) can be added. There are no funds where a majority of respondents said not to add the fund, regardless of the cost or to add it if it costs more than current funds do. A majority of respondents believe that the TSP program would be better if it offered a wider variety of investment options provided whatever new options are added cost about the same as existing TSP funds. This support is likely to be reduced if adding new funds requires adding restrictions to the number of interfund transfers or the amount participants can invest in some funds.

## **In Summary**

Federal workers and uniformed service members who participate in the TSP have a high level of satisfaction with the TSP plan, as indicated by their responses in the survey. They believe it will be an important vehicle for their financial security in their retirement. Their feedback to the survey provides key insight into participants’ views about what they think about the plan’s current features and services, as well as the kinds of features and services they may or may not want to add to the plan.





For instance, they believe the plan can be improved by automatically enrolling new Federal workers and service members and by adding a Roth 401(k) option. Participants value the TSP information they receive and their access to this information. When participants make use of this information, beneficial behavior results.

Having completed two phases of data collection slated, the findings have stayed consistent from the first phase to the second, with acceptable significance levels for conclusions observed between the main retirement systems.





## Appendix A: Survey Instrument







## Thrift Savings Plan Participant Survey 2006 / 2007

March 1, 2007

Dear TSP Participant:

I am pleased to inform you that you have been randomly selected to complete a confidential survey regarding the Thrift Savings Plan (TSP). By sharing your thoughts and impressions in this survey, you will directly contribute to our efforts to continually improve the TSP.

This survey has been developed by an independent consulting firm in partnership with the Federal Retirement Thrift Investment Board. Your feedback will allow us to measure participant satisfaction with TSP plan features, services, and communications. By improving our understanding of why participants join the TSP and make contributions, you will help us identify ways to increase TSP participation. The survey will also identify participant interest in new services and investment options.

**Please complete the survey and mail it in the enclosed pre-paid envelope by March 26, 2007.** We are eager to receive your feedback and study participants' impressions of the TSP. Your feedback is extremely valuable. I therefore encourage you to complete the survey with others in your family or anyone else who helps you with your retirement decisions. Please be assured that your individual responses to the survey will be kept strictly confidential. All responses will be collected and held in confidence by our independent consultant, Watson Wyatt Worldwide.

On behalf of all TSP participants who will benefit from this survey, I thank you in advance for your efforts.

Very truly yours,

Thomas K. Emswiler  
Executive Director (Acting)  
Federal Retirement Thrift Investment Board

#### PRIVACY ACT NOTICE

The Federal Retirement Thrift Investment Board is authorized to solicit this information under Section 8474 of the Federal Employees Retirement System Act (Public Law 99-335). Your individual responses to the survey will be kept strictly confidential. Our staff and consultants will use the information to prepare summary statistical reports of all responses received. This information will help us improve our TSP communications and services, and may lead to the introduction of new TSP features. Furnishing this information is voluntary. Although we need your help and urge you to respond, if you do not do so, it will have no effect on you.

*Continued on next page...*

# INSTRUCTIONS

## Some tips to keep in mind as you complete the survey:

- Answer the questions based on how you personally feel, not on how you think others may feel.
- If you do not have an opinion on an item or it does not apply to you, select the "Don't Know / Not Applicable" response.
- There is a set of responses for most questions in the survey. To answer any question, simply mark the response that corresponds to your answer for that question. **Please use a black ballpoint pen.**

Correct Mark          Incorrect Marks

- If you make a mistake, please put a line through it and mark the correct response.



## Part A: Please answer the following questions regarding your retirement savings and your contributions to the Thrift Savings Plan (TSP).

### 1. In the past two years, have you contributed to the TSP?

- Yes
- No

### 2. What percentage of your pay are you currently contributing to the TSP? (ENTER 0 IF YOU ARE NOT CONTRIBUTING.)

\_\_\_\_\_ % of pay      **OR**      \$ \_\_\_\_\_ per pay period  
 I don't know

### 3. Why aren't you currently contributing to the TSP? (Mark all that apply.)

- I am contributing to the TSP.
- I have already contributed the maximum amount allowed.
- The TSP is too complex.
- I don't have enough money to save right now.
- I'm saving in other ways.
- I can't access my money before I retire.
- I'm not satisfied with the investment options.
- I'm not sure how to sign up for the TSP.
- I'm not eligible to participate in the TSP.
- I'm a new employee, and I don't yet qualify for matching contributions.
- My contributions were suspended because of my hardship withdrawal.

### 4. Whether or not you are contributing to the TSP, which of the following are (or would be) your reasons for contributing to the TSP? (Mark all that apply.)

- Tax benefits
- Matching contributions
- My supervisor/superior recommended that I do so.
- A co-worker/friend recommended I do so.
- So I can retire when I want to
- Administrative costs are low.
- Convenience of payroll deduction
- Other (Please specify) \_\_\_\_\_
- Don't know



Less than 40% of my annual pay	40% to 59% of my annual pay	60% to 79% of my annual pay	80% to 99% of my annual pay	100% or more of my annual pay	Don't know
<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

5. Approximately what percentage of your annual pre-retirement pay do you think you will need to live comfortably when you retire? For example, if you think you will require half as much annual pay, please choose "40% to 59%"; if you think you will require the same amount as you currently earn, choose "100% or more." ....

6. If you have set aside money specifically for retirement, indicate the type of accounts where you have retirement savings. (DO NOT include your contributions to the TSP or your FERS/CSRS annuity or military pension.) (Mark all that apply.)

- I have no other retirement savings accounts.
- Bank/credit union account (not including checking accounts)
- Traditional IRA
- Roth IRA
- Other employer's tax-deferred account (e.g. 401(k) or 403(b))
- Mutual funds, stocks, bonds or brokerage accounts (not tax-deferred)
- Other (Please specify) \_\_\_\_\_

7. Rank your **TOP 3** most important expected sources of retirement income. Use a "1" to indicate the most important, a "2" to indicate the 2nd most important, and a "3" to indicate the 3rd most important source.

- \_\_\_\_\_ Home equity
- \_\_\_\_\_ Income from work
- \_\_\_\_\_ Other retirement plan (not TSP) from a non-Federal employer
- \_\_\_\_\_ Personal savings (including IRA funds)
- \_\_\_\_\_ Social Security
- \_\_\_\_\_ FERS/CSRS annuity
- \_\_\_\_\_ Military pension
- \_\_\_\_\_ TSP account
- \_\_\_\_\_ Other (Please specify) \_\_\_\_\_

8. At what age do you plan to retire from all full-time employment?

- I'm already retired. (Skip to question #12.)
- Younger than 55
- 55 to 59
- 60 to 61
- 62 to 64
- 65
- 66 or older
- I never plan to retire.
- Don't know

Continued on next page...



Indicate whether you agree/disagree with the following statements.

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Don't Know/ Not Applicable
9. I plan to stay with the Federal Government for at least the next two years. ....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. I plan to continue working for the Federal Government until I reach retirement age. ....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Very Likely	Somewhat Likely	Neither Likely Nor Unlikely	Somewhat Unlikely	Very Unlikely	Don't Know/ Not Applicable
11. Assume you continue to work for the Federal Government until you can retire. What is the likelihood that you will work for pay after you retire?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**12. At what age do you anticipate starting to withdraw money from your TSP account?**

- I've already started withdrawals.
- Before I am 55
- 55 to 59
- 60 to 61
- 62 to 64
- 65
- 66 or older
- Don't know/ Not applicable

**Part B: The following questions are about the TSP benefits and services available to you.**

**13. How often do you review your TSP account?**

- At least monthly
- Quarterly
- Twice a year
- Annually
- Rarely
- Never

**14. How do you usually access/receive your TSP account information? (Mark all that apply.)**

- On line from work
- On line from home
- Receive paper statements
- Call the TSP ThriftLine
- I don't review it.

**15. When was the last time you called the TSP ThriftLine and spoke to a telephone service representative?**

- Within the last month
- Within the last 6 months
- Within the last year
- More than a year ago
- I have never called the ThriftLine.
- I don't know.



**16. How would you describe your approach for investing the money in your TSP account?** (Mark one response only.)

- Very aggressive - High risk
- Somewhat aggressive - Moderate risk
- Balanced between aggressive and cautious
- Somewhat cautious - Low risk
- Very cautious - No risk
- Don't know/ Not applicable

**17. How did you determine where to invest your TSP money?** (Mark all that apply.)

- Kept my money in the G Fund
- Selected one of the L Funds, so my investment mix is professionally determined
- Received advice from a financial professional
- Received advice from family/friends
- Received advice from co-workers
- Reviewed TSP website/publications
- Spoke with agency/uniformed services representative
- Other (Please specify) \_\_\_\_\_

**18. Indicate whether you agree/disagree with the following statements:** (Mark only one response per row.)

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Don't Know/ Not Applicable
a. The information available about the TSP is helpful in explaining the benefits that I receive from the plan. ....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. The information available about the TSP helps me make decisions about my TSP account. ....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. It's easy to make changes to the way my TSP money is invested. ....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. It's easy to make changes to the amount of pay I contribute to the TSP. ....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. In the past two years, the TSP has become a better program. ....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**19. How satisfied are you with each of the following characteristics of the TSP?** (Mark only one response per row.)

	Very Satisfied	Satisfied	Neither Satisfied Nor Dissatisfied	Dis-satisfied	Very Dis-satisfied	Don't Know/ Not Applicable
a. Amount of agency/uniformed services matching contributions .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Waiting period required for a new FERS employee to become eligible for agency contributions .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. Ability to borrow from my account while actively employed .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Ability to withdraw money from my account after separation from service .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Ability to access information about my account and general plan features on the TSP Web site .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Continued on next page...*



	Very Satisfied	Satisfied	Neither Satisfied Nor Dissatisfied	Dissatisfied	Very Dissatisfied	Don't Know/ Not Applicable
f. Ability to access information about my account and general plan features through the automated TSP ThriftLine .....	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
g. Quality of services provided by the TSP telephone service representatives (ThriftLine) .....	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
h. Accuracy and timeliness of the processing of forms submitted to the TSP .....	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
i. Overall quality of services provided by the TSP (i.e., Web-based services, automated ThriftLine, and TSP telephone service representatives) .....	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>OVERALL SATISFACTION</b>						
20. Overall satisfaction with the TSP .....	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**Part C: The TSP is considering changes to help participants better prepare for retirement. As you respond to the following questions, please consider whether you believe these changes would benefit most TSP participants and improve the overall value of the program.**

Some Federal employees and uniformed service members do not sign up for the TSP. The TSP is considering automatic enrollment for new employees and members by having their agencies or services automatically begin deducting employee contributions, unless a person chooses not to participate. **Indicate whether you agree or disagree with the following statement.**

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	I Don't Know
21. Automatically enrolling new employees/members in the TSP is a good idea. ....	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

22. If a TSP participant does not make an investment decision, his/her contribution is automatically invested in the Government Securities (G) Fund. The G Fund earns interest and does not incur losses, but may not provide a high enough return to meet long-term retirement goals. The TSP is considering changing this process to automatically invest these contributions in an age-appropriate Lifecycle (L) Fund, based upon the specific participant's estimated retirement date. In the Lifecycle funds, money is allocated more heavily toward stocks for younger employees/members - with greater asset fluctuation, but higher expected returns. As retirement nears, the fund is invested more heavily in Government securities and bonds. **Please indicate which of these options you would prefer.**

	Strongly prefer the L Fund	Prefer the L Fund	Don't Know or No Preference	Prefer the G Fund	Strongly prefer the G Fund	
<p>If a participant does not make an investment choice, his or her money should be invested in the appropriate <b>Lifecycle (L) Fund</b>, based on the participant's estimated retirement date.</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<p>If a participant does not make an investment choice, his or her money should be invested in the <b>G Fund</b>.</p>



23. The TSP is considering adding new funds and services, which would modestly increase the expenses that all participants pay. The new funds that are being considered may provide participants greater flexibility and opportunities for investment diversification. The new services may aid participants in tax planning decisions. At the same time, these changes may increase the complexity of the plan. The flexibility, diversification, and tax planning benefits of the added new funds and services may or may not be worth the increased expense and complexity. **Considering both the positive and negative aspects, indicate whether you agree or disagree with the following statements.** (Mark only one response per row.)

The TSP would be a better program if it...:	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	I Don't Know
a. <b>provided an option to contribute to a Roth 401(k) account.</b> (This would allow participants to have some or all of their future contributions treated differently for tax purposes.) .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. <b>offered a wider selection of investment options.</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24. The individual funds in the TSP currently cost participants about \$4 a year for every \$10,000 they have in their accounts. If new funds are added to the TSP, they might have expenses that are significantly higher than this. The annual expenses of any new fund would be assessed only to participants who invest money in that fund. **Considering this information, indicate the cost level, in comparison to current TSP funds, where you think adding each of the investment options listed below would be beneficial for most TSP participants.**

Mark only one response per row.

	Do not add fund regardless of cost	Add fund if costs would be about the same as current TSP funds	Add fund even if costs would be somewhat higher than current TSP funds	Add fund regardless of cost	I Don't Know
a. <b>Emerging Markets Bond Fund</b> - A fund that invests in corporate and government bonds from emerging or developing countries, such as nations in Southeast Asia and Eastern Europe .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. <b>Emerging Markets Stock Fund</b> - A fund that invests in companies from emerging or developing countries, such as nations in Southeast Asia and Eastern Europe .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. <b>High Yield Bond Fund</b> - A fund that invests in public and private bonds that pay higher rates of return, but have a higher risk of default .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. <b>International Bond Fund</b> - A fund that invests in higher-quality corporate and government bonds from outside the United States .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. <b>Precious Metals Fund</b> - A fund whose value is based upon the value of "precious metals" (e.g. gold, silver, platinum), strategic metals (e.g. titanium, chromium), strategic minerals, or diamonds .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. <b>Real Estate Investment Trust (REIT) Fund</b> - A fund which invests in publicly traded real estate investment companies that own portfolios of income-producing commercial real estate .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g. <b>Socially Responsible Fund</b> - A fund that holds stock in companies that adhere to social, moral or environmental beliefs .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h. <b>Treasury Inflation Protected Securities (TIPS) Fund</b> - A fund which invests in U.S. Treasury bonds that guarantee a return above inflation .....	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Continued on next page...



25. Adding new funds may require the TSP to establish restrictions on the number of interfund transfers participants can make and/or the amount participants can invest in some funds. **Consider the fund(s) in the previous question that you selected as appropriate to add to the TSP; would adding those funds still benefit TSP participants if restrictions were required?** (Mark one response only.)

- I do not think any new funds should be added.
- New restrictions would not change my opinion.
- New restrictions would change my opinion.
- It depends on how the specific restrictions would be imposed.
- I don't know.

26. **Which of the following changes to the TSP do you think will encourage more Federal employees/service members to become contributors to the TSP?** (Mark all that apply.)

- Automatic enrollment of new employees/members
- More investment choices
- Immediate matching contributions for new employees/members
- Other (Please specify) \_\_\_\_\_
- None of the above

27. **Please provide any comments or suggestions that you may have regarding the TSP.**

## Demographics

1. **Age**

- Under 30
- 30-39
- 40-49
- 50-59
- 60-69
- 70 or over

2. **Gender**

- Male
- Female

3. **Annual Pay**

- Less than \$25,000
- \$25,000 to \$40,000
- \$40,000 to \$60,000
- \$60,000 to \$80,000
- \$80,000 to \$100,000
- \$100,000+

4. **Highest Education Level**

- Some High School
- High School Graduate
- Some College
- College Graduate
- Some Advanced/ Post-Graduate Education
- Advanced/ Post-Graduate Degree

5. **Homeowner**

- Yes
- No

6. **Marital Status**

- Single
- Married

6a. **If you selected "Married", is your spouse offered a retirement benefit by his or her employer?**

- Yes
- No

7. **Number of years employed by the Federal Government/uniformed services.** (please round)

\_\_\_\_\_ Years

8. **Number of different non-U.S. Government employers for which you have worked full time.**

\_\_\_\_\_

9. **Do you have Internet access from home?**

- Yes
- No

9a. **If yes, is it high-speed or dial-up?**

- High-speed
- Dial-up

10. **Do you have Internet access from work?**

- Yes, all the time
- Yes, on a limited basis
- No

**Thank you for your participation!**







## **Appendix B: Factors Driving the Margin of Error**

This report contains analyses for different data cuts below the retirement system level. These analyses should be treated as preliminary findings for descriptive purposes only. There are four factors that drive the reported margin of error: the size of the underlying population, the sample size, the desired confidence level and the standard deviation of the statistic being measured.

All else equal, the margin of error decreases proportionally to the square root of the sample size – i.e., larger samples result in increasingly smaller reductions in the margin of error. If the population size is small relative to the sample size then it is customary to employ a small sample correction to estimate the margin of error. All else equal, the same sample size will result in a smaller margin of error for a smaller underlying population. Since the number of people in the TSP is quite large relative to our sample, the impact of this factor would be negligible.

The third factor is the desired level of confidence. The confidence level reflects the probability that the true value of the statistic for the population as a whole lies within the reported margin of error of the value of the statistic calculated from the sample of survey respondents. It is customary to report margins of error that represent a 95 percent confidence interval, meaning that the probability that the true value of the underlying statistic being outside the reported margin of error is only 5 percent.

The final consideration is the standard error of the underlying variable. In most of the tables, we report the percentage of respondents who have provided that answer. The convention for reporting margins of error is to make the most conservative possible assumption that the responses to an item are divided evenly – for example between favorable responses and other responses – and report the margin of error for the given sample size that would result.





## Appendix C: Demographics

**Fig. C.1 Age Distribution by Retirement System**

*Demographics 1*

	CSRS	FERS	Uniformed Services	All
<i>N</i>	1475	1381	2107	4963
Less than Age 30	0.0%	11.8%	13.0%	8.8%
30 to 39	0.1	16.0	24.3	14.8
40s	20.2	27.5	29.6	26.2
50 to 59	36.8	25.7	26.2	29.2
Age 60 and Over	42.9	19.0	6.8	20.9

**Fig. C.2 Percentage Male and Female by Retirement System**

*Demographics 2*

	CSRS	FERS	Uniformed Services	All
<i>N</i>	1455	1369	2093	4917
Male	56%	56%	78%	66%
Female	44%	44%	22%	34%

**Fig. C.3 Annual Pay Distribution by Retirement System**

*Demographics 3 – Annual Pay*

	CSRS	FERS	Uniformed Services	All
<i>N</i>	1418	1353	2069	4840
Less than \$40K	13.0%	31.4%	21.8%	21.9%
\$40K to \$60K	27.2	32.7	19.8	25.6
\$60K to \$80K	21.3	16.0	19.0	18.9
\$80K to \$100K	18.3	9.6	17.1	15.4
\$100K and Over	20.3	10.2	22.3	18.3

**Fig. C.4 Percentage of Respondents Actively Employed by the Federal Government or Uniformed Services by Retirement System**

*Q8*

	CSRS	FERS	Uniformed Services	All
Active				
<i>N</i>	1,081	1,278	1,524	3,883
%	71.8%	91.1%	71.1%	76.9%
Retired (Q8.1)				
<i>N</i>	308	67	95	470
%	20.5%	4.8%	4.4%	9.3%





**Fig. C.5 Tenure Distribution by Retirement System**

*Demographics 7 – Number of years employed by the Federal Government/uniformed services*

	CSRS	FERS	Uniformed Services	All
<i>N</i>	1486	1384	2115	4985
Less than 2	0.1%	19.1%	1.3%	5.9%
2 to 4.9	0.1	22.4	7.3	9.3
5 to 9.9	0.1	19.0	14.2	11.4
10 to 14.9	0.8	8.1	12.5	7.8
15 to 19.9	1.9	9.2	17.5	10.6
20 to 24.9	10.8	12.5	19.4	14.9
25 to 29.9	34.4	5.1	13.7	17.5
30+	51.8	4.6	14.0	22.7

**Fig. C.6 Number of Different non-U.S. Government Employers Respondents Worked for by Retirement System**

*Demographics 8 – Number of different non-U.S. Government employers for which you have worked full time.*

	CSRS	FERS	Uniformed Services	All
<i>N</i>	1390	1314	2003	4707
0	22.2%	13.5%	20.4%	19.0%
1	24.2	20.4	23.9	23.0
2	21.2	20.2	18.6	19.8
3	14.0	14.7	14.2	14.3
4	8.3	10.0	8.0	8.7
5+	10.1	21.2	14.8	15.2

**Fig. C.7 Distribution of Education Groups by Retirement System**

*Demographics 4 – Highest Education Level*

	CSRS	FERS	Uniformed Services	All
<i>N</i>	1435	1364	2088	4887
Some High School	0.3%	1.0%	0.1%	0.4%
High School Graduate	13.7	9.8	5.0	8.9
Some College	33.5	26.8	23.0	27.2
College Graduate	24.4	30.8	24.6	26.3
Some Advanced/Post-Graduate Education	9.9	9.0	10.2	9.8
Advanced/Post-Graduate Degree	18.1	22.7	37.2	27.5





**Fig. C.8 Distribution of Homeowner, Marital Status and Internet Access by Retirement System**

*Demographics 5, 6, 9*

	CSRS	FERS	Uniformed Services	All
Homeowner	93.2%	79.4%	79.2%	83.4%
Married	70.2	68.2	74.3	71.4
Married whose spouse is offered retirement plan	64.0	58.7	52.8	57.6
Internet Access	83.7	87.6	94.8	89.5
High-speed	71.5	76.6	86.3	79.6
Dial-up	28.5	23.4	13.7	20.5

**Fig. C.9 Internet at Work by Retirement System**

*Demographics 10*

	CSRS	FERS	Uniformed Services	All
Internet access at work all the time	60.6%	63.8%	71.2%	66.1%
Internet access at work on a limited basis	12.1	16.6	16.8	15.4
No Internet access at work	27.3	19.6	12.0	18.5





## Appendix D: Plan Satisfaction

**Fig. D.1 Satisfaction with the TSP by Retirement System**

Q18. TSP Information and changes in individual options

	CSRS		FERS		Uniformed Service	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Information is helpful in explaining benefits that I receive from the TSP	82.4%	3.9%	77.1%	7.3%	77.9%	6.4%
Information helps me make decisions about my TSP account	76.7	4.1	70.2	7.9	72.3	6.7
It's easy to make changes to the way my TSP money is invested	85.5	4.6	82.3	4.7	85.2	4.9
It's easy to make changes to the amount of pay I contribute to the TSP	83.5	5.2	82.3	6.4	83.1	7.9
In the past two years, the TSP has become a better program	68.8	2.9	57.4	2.3	63.0	3.7

Notes: Based on all respondents.

**Fig. D.2 Satisfaction with the TSP by Pay**

Q18. TSP Information and changes in individual options

	Less than \$40K		\$40K to \$80K		\$80K and Over	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Information is helpful in explaining benefits that I receive from the TSP	70.9%	9.4%	79.6%	5.9%	82.8%	4.1%
Information helps me make decisions about my TSP account	64.9	9.1	73.2	6.0	76.9	5.1
It's easy to make changes to the way my TSP money is invested	76.9	7.4	85.1	4.2	87.4	4.0
It's easy to make changes to the amount of pay I contribute to the TSP	80.5	7.8	83.3	6.0	83.8	7.1
In the past two years, the TSP has become a better program	51.8	4.3	65.7	3.1	65.7	2.4

Notes: Based on all respondents.





**Fig. D.3 Satisfaction with the TSP by Retirement System**  
Q19.

	CSRS		FERS		Uniformed Service	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Amount of agency services matching contributions	37.0%	31.7%	69.3%	14.1%	28.4%	54.0%
Waiting period required for a new FERS employee to become eligible for agency contributions	33.7	8.7	41.7	22.4	28.3	20.1
Ability to borrow from my account while actively employed	62.4	5.8	57.7	4.3	46.0	6.8
Ability to withdraw money from my account after separation from service	64.2	7.7	56.2	3.7	48.7	7.3
Ability to access information about my account and general plan features on the TSP Web site	84.8	4.2	83.5	4.3	81.9	5.8
Ability to access information about my account and general plan features through the automated TSP ThriftLine	74.9	5.7	71.7	4.5	62.2	6.0
Quality of services provided by the ThriftLine	60.4	7.8	54.9	5.2	44.3	8.1
Accuracy and timeliness of the processing of forms submitted to the TSP	74.0	5.0	65.2	7.0	59.1	9.1
Overall quality of services provided by the TSP	83.6	2.6	81.1	3.1	78.9	4.0
Overall satisfaction with the TSP	87.7	2.7	85.4	2.4	83.2	3.8

Notes: Based on all respondents.

**Fig. D.4 Satisfaction with the TSP by Pay**  
Q19.

	Less than \$40K		\$40K to \$80K		\$80K and Over	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Amount of agency services matching contributions	55.2%	24.5%	48.7%	31.8%	32.0%	48.5%
Waiting period required for a new FERS employee to become eligible for agency contributions	41.3	17.1	37.1	18.6	26.6	22.8
Ability to borrow from my account while actively employed	53.0	7.6	56.6	5.7	51.8	4.7
Ability to withdraw money from my account after separation from service	55.7	9.6	54.6	5.0	55.3	5.9
Ability to access information about my account and general plan features on the TSP Web site	77.9	6.5	83.7	4.3	86.0	4.6
Ability to access information about my account and general plan features through the automated TSP ThriftLine	65.9	6.7	69.7	4.4	69.4	5.6
Quality of services provided by the ThriftLine	53.1	7.6	54.2	5.3	47.5	9.2
Accuracy and timeliness of the processing of forms submitted to the TSP	60.8	10.2	67.1	5.8	65.5	7.3
Overall quality of services provided by the TSP	75.3	5.0	82.4	2.2	82.4	3.5
Overall satisfaction with the TSP	78.9	5.0	86.1	2.7	88.0	2.1

Notes: Based on all respondents.



