



Message from the Executive Director

December 19, 2008

Dear TSP Participants:

The volatile state of the economy has been in the headlines for longer than any of us would like. For those of us who have been diligently setting aside money in our retirement accounts, the news can be particularly discouraging. But it's important to keep in mind that stock market swings don't lessen our need to save for retirement. Accumulating sufficient retirement assets requires time, discipline, and a strategy that does not permit relatively short-term market movements to derail long-term investment plans.

Regardless of what is happening in the markets, your investment allocation remains one of the single most important factors affecting the growth of your TSP account. In addition to having different degrees of tolerance for risk, participants have different time horizons for retirement. Some of you may be drawing from your TSP account now or in the near future, while others may have many years before you'll need your money. The TSP offers excellent options no matter what your risk profile or where you are on your retirement path.

Another key factor in the success of your retirement plan is the amount you contribute to your TSP account each year and the consistency with which you make your contributions. For 2009, the IRS has increased the maximum allowable annual contribution from \$15,500 to \$16,500. For those participants age 50 and older, the maximum allowable "catch-up" contribution increases from \$5,000 to \$5,500. Participants in the uniformed services who make contributions from pay that is subject to the Combat Zone Exclusion will be allowed to contribute up to \$49,000 to their TSP in 2009 due to an increase in the annual additions limit.

If stock funds comprise any part of your TSP allocation, you can consider the increase in allowed contributions particularly good news. With many stocks currently trading at bargain prices, you now have the opportunity to buy low. When the market rebounds—which history has shown it inevitably does over the long term—you will be well positioned to benefit from the higher prices that will increase the value of your TSP account.

Always remember that markets will swing, sometimes wildly, over relatively short periods of time, but retirement planning demands a long-term focus. Our retirement investments are, for most of us, the primary route we have to future financial security.

An appropriate investment allocation along with consistent TSP contributions through all market environments will keep you on course.

Gregory T. Long
Executive Director