



Thrift Savings Plan HIGHLIGHTS

July 2007

Kudos to You!

Last April, the Thrift Savings Plan released a new report showing how TSP participants are increasing their use of the TSP to pave the way to a fulfilling retirement. Here are a few of the facts it revealed:

- FERS and CSRS employees are contributing more to the TSP each year, as the IRS limits continue to increase, and with the addition in 2002 of catch-up contributions for participants age 50 and older.
- The fastest growing participation rate is among the youngest participants — this is particularly encouraging.
- Both FERS and CSRS employees have been using the L Funds to their best advantage — investing in the L Fund targeted specifically to the “time horizon” when they expect to withdraw their money. Younger participants are more heavily invested in L 2030 and L 2040, while older participants lean toward L 2010 and the L Income Fund.

If you want to learn more, you can get the report — “Participant Behavior and Demographics” (2000-2005) — from the Web site www.FRTIB.gov.



TSP Welcomes New Executive Director

In March, Greg Long became the new Executive Director of the Federal Retirement Thrift Investment Board (FRTIB), making him the Chief Executive Officer and managing fiduciary of the Thrift Savings Plan (TSP). He had served previously as the Director of Product Development for the TSP. While in that position, he was the TSP’s chief research officer. He managed the TSP’s first participant survey in 15 years and completed the recently issued “Participant Behavior and Demographics” report (See “Kudos to You!” at left).

You’ve Come a Long Way, TSP!

When we introduced the TSP in April 1987, its 563,000 participants had only one investment option (the Government Securities Investment (G) Fund), contributions were strictly limited, and benefits like loans and withdrawals were still pending. Although we knew it was a great benefit for Federal employees, we didn’t know whether the TSP would “catch on.” Well, now we do!

This year, the TSP is celebrating its 20th birthday as the largest retirement savings plan of its kind — with over 3.7 million participants and assets of approximately \$225 billion. Since 1987, the TSP has changed a lot. We’ve introduced four new funds and the L (Lifecycle) Funds, moved from a monthly to a daily valued plan, and brought the uniformed services on board. We’ve eliminated contribution restrictions (except for the IRS limits!), and participants continue to increase the amount they’re saving for retirement. On average, we receive \$1.6 billion in contributions each month. Age now has its advantages, too, with the introduction of the age 50 and over catch-up contributions. Benefits and services also have been added (like the general purpose loans and the toll-free number for the ThriftLine). And while participation and assets have been going up, the TSP’s expense ratio has been going down — so you’re saving even more.

Today, the TSP’s Web site provides program, investment, and account information, and you can make transactions and get your participant statements on line. Or you can use the ThriftLine to access information about your account 24/7. Our call centers are also open longer hours — 7 a.m. to 9 p.m. eastern time during the week. Best of all, you can look forward to more financial security when you’re ready to retire. Many more conveniences and improvements are under way, and we will keep you informed as the TSP continues to grow.

It’s a Happy 2nd Anniversary for the L Funds

Since their introduction two years ago this August, the TSP’s Lifecycle (L) Funds have become more and more popular. Over a half-million participants are now investing all or part of their TSP accounts in the L Funds: about 319,000 participants covered by the Federal Employees’ Retirement System (FERS), approximately 64,000 covered by the Civil Service Retirement System (CSRS), and about 123,000 uniformed service members. Together, their investments in the L Funds

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TSP Web Site:
www.tsp.gov

ThriftLine: 1-TSP-YOU-FRST (1-877-968-3778)
Outside the U.S. and Canada: 404-233-4400


TDD: 1-TSP-THRIFT5
(1-877-847-4385)

High L Fund Participation *(Continued from front)*

exceed \$21 billion — about \$9.7 billion more than last year's total, and nearly 10 percent of all the assets in the TSP.

This impressive growth shows that participants who feel they don't have the time, interest, or knowledge to manage their TSP accounts themselves are recognizing the value of using these professionally designed funds to put the management of their accounts on "cruise control." When you invest in the L Funds, the TSP automatically reallocates the investments in your account each quarter — a strategy that keeps your investment plan on track and gradually lowers your exposure to


risk as you move closer to the "time horizon" when you plan to withdraw your money (e.g., 2040, 2030, 2020, 2010, or sooner).

Of course, with this automatic account rebalancing, the asset allocations underlying each L Fund are now a bit different from what they were when the L Funds were initially introduced. Want to see what the current asset allocations look like for each of the five available L Funds? Check out the pie charts in the L Funds section of the TSP Web site (www.tsp.gov).

Watch for Your New TSP Account Number!

Be on the lookout in late fall for a mailing from the TSP with your new TSP account number. This account number will replace your Social Security number as your primary ID for your TSP account. You will need to use your account number when filling in TSP forms. You will use it with your TSP password when entering the Account Access section of the TSP Web site. You will use it with your TSP Personal Identification Number (PIN) to gain access to your account through the ThriftLine. And if you send the TSP loan payments from your own funds, you will need to include your account number on

the loan coupon that accompanies your check or provide it to your on-line bill-paying service if you have one.

Substituting this randomly selected account number for your Social Security number will make your TSP transactions more secure. We at the TSP are doing all we can to protect the security of your personal information. The rest is up to you. Be careful about giving out your account number, and don't write it down where it can be seen by others who should not have access to it.

Rates of Return

	L 2040	L 2030	L 2020	L 2010	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
Monthly 2007										
Jan	1.53%	1.42%	1.22%	0.89%	0.63%	0.43%	0.00%	1.53%	3.14%	1.31%
Feb	-0.64	-0.49	-0.38	-0.14	0.16	0.34	1.53	-1.95	-0.26	0.18
Mar	1.34	1.16	1.08	0.89	0.62	0.42	0.00	1.09	1.09	2.57
Apr	3.28	2.95	2.58	1.76	1.08	0.42	0.53	4.43	2.51	3.76
May	2.79	2.52	2.15	1.53	0.92	0.34	-0.70	3.52	4.40	2.54
Annual 1997 – 2006										
1997	-	-	-	-	-	6.77%	9.60%	33.17%	-	-
1998	-	-	-	-	-	5.74	8.70	28.44	-	-
1999	-	-	-	-	-	5.99	-0.85	20.95	-	-
2000	-	-	-	-	-	6.42	11.67	-9.14	-	-
2001	-	-	-	-	-	5.39	8.61	-11.94	-	-
2002	-	-	-	-	-	5.00	10.27	-22.05	-18.14	-15.98
2003	-	-	-	-	-	4.11	4.11	28.54	42.92	37.94
2004	-	-	-	-	-	4.30	4.30	10.82	18.03	20.00
2005	-	-	-	-	-	4.49	2.40	4.96	10.45	13.63
2006	16.53	15.00	13.72	11.09	7.59	4.93	4.40	15.79	15.30	26.32
Compound Annual 1997 – 2006										
	-	-	-	-	-	5.31%	6.25%	8.37%	-	-

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

The L Funds, which are invested in the individual TSP funds (G, F, C, S, and I), were implemented on August 1, 2005; therefore, the first annual returns are for 2006. The S and I Funds were implemented in May 2001; therefore, there are no annual returns for these funds for years before 2002.