



# Thrift Savings Plan HIGHLIGHTS

January 2006

## L Fund Watch

By the end of November 2005, L Fund assets had increased to approximately 7 billion, with nearly 200,000 TSP participants investing in L Funds.

## Still want mailed participant statements?

If so, you need to complete and mail the form Renewal Request for Mailed Participant Statements, which is enclosed with your mailed January statement. Last year, participants saved approximately \$3.3 million in postage by reducing the number of mailed statements!



### ThriftLine:

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

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

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

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

## In 2005, TSP Grew, Made Participating Easier

Last year, TSP participation reached an all-time high, with 3,545,000 participants by the end of November 2005 — an increase of 184,000 from November of 2004. At the same time, the estimated total TSP fund balances grew to \$171 billion — \$23 billion more than in November of 2004. Also, our annual administrative costs went down. They are expected to be .05% (i.e., \$.50 per \$1,000 of your account balance) for 2005, down from .06% for 2004. Best of all, throughout the year, the TSP instituted changes that continue to make participating in the TSP easier.

- In March, we opened a new loan payment processing center that can use the information you put on your loan coupon to process a missed payment, an extra loan payment, or a loan payoff faster and more efficiently.
- In July, we eliminated open seasons, providing the opportunity for newcomers to enroll in the TSP at any time and for you as an existing participant to change the percentage or amount of pay you contribute whenever you wish.
- In August, we introduced a new way of investing: the Lifecycle (L) Funds. You can now put the investment of your account on cruise control by choosing the L Fund that coincides most closely with the time you plan to withdraw your account. (See the *Highlights* for July 2005 and the L Funds section on the TSP Web site.)
- After Hurricane Katrina, we kept the ThriftLine and the TSP Web site open without interruption. And in October, we offered some relief to victims of the storm by allowing them to make a second financial hardship in-service withdrawal even if they had not satisfied the required 6-month waiting period.

We are starting off 2006 by eliminating limits on the percentage of pay you can contribute to the TSP. Therefore, in 2006, employee contributions will be capped only by the limits imposed by the Internal Revenue Code (I.R.C.). For 2006, the I.R.C. elective deferral limit is \$15,000. Keep an eye on the TSP Web site, Plan News, and future editions of this newsletter to stay informed as we continue taking steps to improve service and lower costs.

## Expect Faster Check Processing in 2006

A new check processing method is coming that will treat your checks to the TSP for additional loan payments, loan payoffs, and rollovers as electronic funds transfers (EFTs). Under this new process, we will electronically debit the amount of the check from your bank account (usually within 24 hours). When you get your regular bank statement, the debit will show up, but you will not receive a cancelled check because your original check will have been destroyed. Many financial institutions, possibly including your bank, have already implemented this procedure.

## Reminders and Deadlines

**The IRS elective deferral limit for 2006 is \$15,000.**

**The 2006 catch-up contribution limit for participants age 50 and older is \$5,000.** If you are eligible and want to make catch-up contributions, don't forget to make a 2006 election using the TSP Catch-Up Contribution Election form.

**IRS Form 1099-R documenting your withdrawals and other taxable distributions will be sent to you at the end of this month.** Make sure the TSP has your correct address.

**The deadline for requesting a refund of excess contributions is March 1, 2006,** if you contributed more than \$14,000 in 2005 to the TSP **and another** eligible plan (more than \$18,000 if you also made catch-up contributions). If your excess contributions are from

a civilian **and** a uniformed services TSP account, your refund will be automatic and you do not need to make a request.

**The TSP withdrawal deadline is April 1, 2006,** if you were 70½ and were separated from service in 2005.

**For income tax purposes,** monthly payments that are normally scheduled to be disbursed between December 29, 2005, and January 2, 2006, will be processed on December 28, and reported to the Internal Revenue Service (IRS) as income for 2005. Any other payments processed on or after December 29, 2005, will be reported to the IRS as income for 2006.

For more information, visit the TSP Web site, check with your agency or service, or call the TSP.

Rates of Return										
	L 2040*	L 2030*	L 2020*	L 2010*	L Income*	G Fund	F Fund	C Fund	S Fund**	I Fund**
<b>Monthly 2005</b>										
Jan	–	–	–	–	–	.37%	.58%	–2.40%	–3.39%	–1.87%
Feb	–	–	–	–	–	.37	–.57	2.06	2.04	4.34
Mar	–	–	–	–	–	.37	–.48	–1.71	–1.86	–2.52
Apr	–	–	–	–	–	.37	1.35	–1.90	–3.72	–2.27
May	–	–	–	–	–	.37	1.05	3.15	6.05	–.40
June	–	–	–	–	–	.28	.56	.16	3.37	1.86
July	–	–	–	–	–	.37	–.84	3.67	5.59	3.07
Aug	.07	.07	.15	.16	.17	.37	1.23	–.90	–1.01	3.23
Sept	1.35	1.17	1.06	.94	.52	.36	–1.03	.84	.83	3.68
Oct	–1.90	–1.67	–1.34	–.93	–.17	.36	–.75	–1.66	–2.33	–2.90
Nov	3.08	2.80	2.42	1.89	1.03	.36	.38	3.75	4.72	2.44
<b>Annual 1995 – 2004</b>										
1995	–	–	–	–	–	7.03%	18.31%	37.41%	–	–
1996	–	–	–	–	–	6.76	3.66	22.85	–	–
1997	–	–	–	–	–	6.77	9.60	33.17	–	–
1998	–	–	–	–	–	5.74	8.70	28.44	–	–
1999	–	–	–	–	–	5.99	–.85	20.95	–	–
2000	–	–	–	–	–	6.42	11.67	–9.14	–	–
2001	–	–	–	–	–	5.39	8.61	–11.94	–2.22**	–15.42**
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
<b>Compound Annual 1995 – 2004</b>										
	–	–	–	–	–	5.75%	7.72%	11.99%	–	–
<p>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.</p> <p>*The L Funds are invested in the individual TSP funds (G, F, C, S, and I). The L Funds were implemented on August 1, 2005.</p> <p>**The S and I Funds were implemented in May 2001; therefore, there are no returns for these funds for earlier periods. Returns shown for 2001 are for May through December.</p>										