



Thrift Savings Plan HIGHLIGHTS

July 2009

Revamped web site to be tested soon

The TSP is busily at work modernizing our web site and making it easier to use. This fall, some randomly chosen participants will have a chance to test a prototype of several sections of the redesigned web site and give us their feedback. Look for more information in a future issue of this newsletter.

Adding money from outside sources

Some participants have asked whether they can contribute their tax refunds to their TSP accounts or whether they can make employee contributions from their personal bank accounts. The answer is no. The TSP only accepts employee contributions made through payroll deductions.

However, you may also transfer or roll over tax-deferred money from traditional Individual Retirement Accounts (IRAs) or eligible employer plans into the TSP. You may transfer or roll over any amount of money as many times as you wish, and the funds will not count toward the annual IRS-imposed limits on contributions. To move money from traditional IRAs or eligible employer plans into the TSP, use Form TSP-60 (or TSP-U-60 if you are a member of the uniformed services).

Have you named a beneficiary?

Today, Americans are living longer than ever before, and statisticians anticipate that life expectancy will continue to increase. This good news means retirement is also lasting longer. So preparing for retirement is more important than ever — which is why you're now contributing to the TSP.

But what would happen if you were to die before withdrawing your TSP account? Who would get the money you accumulated? Although this is a decision nobody likes to think about, it's important and should not be put off.

Make sure your money is distributed according to your wishes

Did you know that when you die, the TSP will not honor a will when distributing your TSP account? Neither will it follow a prenuptial agreement, a separation agreement, a property settlement agreement, or a court order. The only document the TSP will use is a Designation of Beneficiary, Form TSP-3 (or, for members of the uniformed services, Form TSP-U-3). If you do not have a Designation of Beneficiary form on file with the TSP, your money will be distributed according to the statutory order of precedence: It will go to your widow or widower, if you have one. Otherwise, it will go to your child or to your children equally and to the descendants of deceased children. If you have no spouse or children, it will go to your parents equally or to your surviving parent. And if you don't have any of these relatives, it will go to the appointed executor or administrator of your estate. If you do not have one, it will go to your next of kin entitled to your estate under the laws of the state where you lived at the time of your death.

If you want to leave your money according to the statutory order of precedence, there's no need to send the TSP a Designation of Beneficiary form. However, if you want to leave your account to other beneficiaries or to divide it in a manner that's different from the order of precedence, you must send us the form. You can obtain a copy from the TSP Web site or from your agency or service. The form on the TSP Web site is fillable, so you can enter all your information right at your computer, then print out the form so you can sign it and have it witnessed before sending it to us.

Choose the beneficiaries you want

You can designate as many beneficiaries as you like, but you must indicate the share, or portion, of your account you would want each beneficiary to receive. Your beneficiaries can be individuals, corporations, trusts, legal entities (including foundations or charities), or your estate. In addition to these "primary" beneficiaries, you can also list "contingent" beneficiaries. A contingent beneficiary is a person or entity that would receive the share of a primary beneficiary if that primary beneficiary were to die before you. (If you do not list

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Have you named a beneficiary? *(Continued from front)*

contingent beneficiaries, the share of any primary beneficiary who dies before you do will be distributed proportionally among all of the surviving primary beneficiaries you named. If none of them survives you, it will be distributed according to the statutory order of precedence.)

Avoid the pitfalls of outdated choices

Life is full of changes. And if you get married or divorced, if you have children, or if any of the beneficiaries you've named should die, you may want to change your beneficiary designations. Remember, no matter how long the TSP has had your most recent Designation of Beneficiary form, we will continue to consider it valid unless you send us a new form requesting that we cancel or change it. This means that if you designated a spouse as your beneficiary on a Designation of Beneficiary form and then you and that spouse separated or divorced, *that spouse would still receive your money* unless you later submitted a new, revised form. This would be true even if that spouse had given up all

rights to your account. Therefore, we advise that you keep a copy of your form, review it from time to time, and send us a new form any time you want to make a change.

Find out whether you have a form on file

If you don't remember whether you've submitted a Designation of Beneficiary form, you can find out by checking the information on your quarterly or annual participant statements. Your annual statement not only tells you whether you have the form on file, but also gives you the names of the first 12 primary beneficiaries you designated.

Have peace of mind

We hope you'll have a comfortable retirement and enjoy using the money in your TSP account for a long time. But for your peace of mind, we also suggest that you take whatever steps are necessary to make sure your money would be passed on as you would wish. 🙏

Rates of Return

	L 2040	L 2030	L 2020	L 2010	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
Monthly 2009										
Jan	-7.67%	-6.69%	-5.58%	-2.61%	-1.74%	0.19%	-0.86%	-8.41%	-8.19%	-11.93%
Feb	-8.52	-7.47	-6.22	-2.95	-1.98	0.21	-0.39	-10.64	-10.22	-10.23
Mar	7.08	6.30	5.35	2.82	2.06	0.24	1.38	8.81	8.64	7.20
Apr	9.38	8.20	6.79	3.20	2.37	0.21	0.49	9.58	15.00	12.13
May	6.19	5.45	4.66	2.28	1.70	0.25	0.78	5.60	3.97	13.41
Annual 1999 – 2008										
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
2007	7.36	7.14	6.87	6.40	5.56	4.87	7.09	5.54	5.49	11.43
2008	-31.53	-27.50	-22.77	-10.53	-5.09	3.75	5.45	-36.99	-38.32	-42.43

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. Additional information about the TSP funds, the related indexes, and their respective 1-, 3-, 5-, and 10-year 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.

