



Thrift Savings Plan HIGHLIGHTS

January/February 2008

Contribution Limits

For 2008, the IRS permits you to contribute up to \$15,500 in tax-deferred money to the TSP. Members of the uniformed services serving in combat zones may contribute a total of \$46,000 in tax-deferred and tax-exempt money. Those age 50 or older in 2008 may also contribute an additional \$5,000 in "catch-up" contributions — if their regular tax-deferred contributions are expected to reach the \$15,500 limit. Complete a new TSP Catch-Up Contribution Election each year you want to make catch-up contributions.

New Look for Share Prices Coming

Beginning this spring, when you look at TSP share prices, you will notice that we've started showing them with four decimal places, rather than two. This will allow greater precision in account balance calculations. Keep an eye on the Web site for an announcement.

Use Current Forms!

Old forms may cause delays or include outdated information. To get current versions of TSP forms and publications, use the official TSP Web site: www.tsp.gov. A general Internet search may direct you to other web sites with outdated forms the TSP may not accept (or receive, if sent to an outdated TSP address).

TSP Continued to Grow in 2007

You're doing a great job saving for your retirement! As of November 2007, the TSP had over \$231.5 billion in assets, while at the beginning of the year, TSP assets were at \$206.6 billion. Participation has grown to over 3.8 million, compared with 3.7 million at the onset of 2007. Our Lifecycle (L) Funds, now in their third year, have also grown, with 559,000 participants investing in them and \$23.5 billion in assets. At the end of 2006, the L Funds had \$16.9 billion in assets, with 433,000 participants investing.

Annual Statements are Coming!


Beginning this February, whether you usually receive your quarterly statements in the mail or via the TSP Web site, the TSP will send you an annual participant statement. The statement provides valuable information about your investments as of the end of the prior year as well as the personal information the TSP has on file for you — including a list of your TSP beneficiaries, if you have designated any. It also contains your TSP account number, which you must use when accessing the secure sections of the TSP Web site and the ThriftLine or completing most TSP forms. And finally, we've included a section for messages and reminders about your account.

Please review your statement carefully to be sure that the information we have about you is correct; it is particularly important to keep your address up to date. If the information is not current, follow the instructions at the top of your statement. (Hint: If you are still in Federal service, changes must be made through your agency or service. If you have left Federal employment, you can make your changes directly with the TSP.) Questions about your contributions and/or loan payments should be directed to your agency or service, since it is responsible for submitting them to the TSP. To update your beneficiary information, you should use Form TSP-3 (or TSP-U-3 if you are a member of the uniformed services), which is available at www.tsp.gov, and send it directly to the TSP.

When we mail the statements in February, we'll announce it on the TSP Web site. We'll also post the leaflet "How to Read Your Annual TSP Participant Statement" and a set of Questions and Answers about selected parts of the statement — like how we calculate your personal investment performance. The leaflet will also be mailed to you with the statement.

We hope you'll find this new service helpful in planning for your retirement and checking to see how well your TSP account is doing.

Transfers to Roth IRAs

Beginning in January 2008, separated TSP participants and active participants eligible for age-based in-service withdrawals will have the option to transfer all or part of their TSP withdrawal payments to a Roth IRA as well as to traditional IRAs or other eligible employer plans. Keep in mind that you must meet eligibility criteria and you must pay tax on any amount that you transfer into a Roth IRA for the year of the transfer. For more information, see the Questions and Answers on the TSP Web site or the TSP Tax Notice "Important Tax Information About Payments From Your TSP Account," available from the TSP Web site or by calling the ThriftLine. We strongly urge you to talk to a tax advisor if you are interested in this option. 

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)

New Year Reminders

IRS Form 1099-R documenting your withdrawals and other taxable distributions will be sent by January 31, 2008. These forms will also be available from the Account Access section of the TSP Web site (www.tsp.gov).


The TSP must receive your request for a refund of excess 2007 contributions by March 31, 2008. This applies to you if you contributed more than \$15,500 in 2007 to the TSP **and another** eligible plan (more than \$20,500 if you also made catch-up contributions). If your excess contributions were put into a civilian **and** a uniformed services TSP account, or if you are a member of the uniformed services and your total tax-deferred and tax-exempt TSP contributions exceeded \$45,000, your refund will be automatic, and you do not need to make a request for a refund.

The TSP withdrawal deadline is April 1, 2008, if you were 70½ and were separated from service in 2007. If this applies to

you, you must withdraw or begin receiving monthly payments from your TSP account by that date.

For income tax purposes, monthly payments and other withdrawals that were processed on December 26 and 27, 2007, will be reported to the Internal Revenue Service (IRS) as income for 2007. Any withdrawals processed on or after December 28, 2007, will be reported to the IRS as income for 2008.

For more information about any of these items, visit the TSP Web site, check with your agency or service, or call the TSP.

You can now be notified via e-mail when the TSP puts new participant statements, *Highlights*, or other information on the TSP Web site. Sign up for Gov Delivery at "Get E-Mail Updates" on the Home page of the TSP Web site (www.tsp.gov). 

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
June	-0.92	-0.80	-0.54	-0.20	0.08	0.42	-0.27	-1.70	-1.53	0.20
July	-2.52	-2.13	-1.75	-0.92	-0.23	0.50	0.80	-3.10	-4.57	-2.39
Aug	0.90	0.88	0.80	0.73	0.61	0.33	1.23	1.54	1.38	-0.71
Sept	3.45	3.09	2.68	1.78	1.13	0.41	0.78	3.76	2.97	5.36
Oct	2.37	2.09	1.84	1.29	0.82	0.41	0.86	1.58	2.83	4.49
Nov	-3.36	-2.94	-2.33	-1.21	-0.44	0.33	1.88	-4.20	-5.65	-3.72
Dec	-0.82	-0.63	-0.54	-0.13	0.07	0.41	0.25	-0.66	-0.40	-2.25
Annual 1998 – 2007										
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
2007	7.36	7.14	6.87	6.40	5.56	4.87	7.09	5.54	5.49	11.43

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.