



## Changes to the TSP Loan Program

Effective July 1, 2004, the TSP will make three changes to the Loan Program:

- A \$50 fee will be deducted from the amount of each new loan.
- You will no longer be able to have two general purpose loans at the same time. You will still be able to have one general purpose loan and one residential loan.
- When you pay off one loan, you will not be eligible to apply for another loan for 60 days.

The TSP Loan Program is an important benefit, and we recognize that some participants need to have access to the money in their accounts for legitimate reasons. However, you should not tap into these funds as if they were in a checking or savings account. The TSP is a long-term investment intended for retirement. Removing money from your account — even if

you pay it back — may diminish the amount available for your retirement.

### TSP Loan Facts

- In 2003, we issued more than 300,000 loans. This is an increase of nearly 50% over 2002.
- At the present time, more than 500,000 participants have loans. (Over 40% of these participants have **two** loans.)
- One-quarter of participants paying off a TSP loan take another loan within 60 days.

Why are we making these changes? In recent years we have seen a significant increase in the number of loans. Some participants constantly have two outstanding loans, taking another loan immediately after one is paid in full. This practice results in administrative expenses that are currently charged to all TSP participants, whether or not they ever use the Loan Program.

The changes to the Loan Program will reinforce the importance of borrowing from your TSP account only as a last resort. For participants who need a TSP loan, the \$50 fee will cover the cost of processing and servicing the loan and will ensure that these costs are paid by the 500,000 participants who use the program, and not by the 2.7 million participants who do not use the program. 🦋

## Considerations for Tax Year 2003

### Did you contribute to more than one plan in 2003?

The Internal Revenue Code limits the amount of money that you can contribute to the TSP and other defined contribution plans (for example, another 401(k) plan). For 2003, that amount was \$12,000 (\$14,000 if you were age 50 or older and eligible to make catch-up contributions). If you contributed to both the TSP and another plan, you must make sure that your combined contributions didn't exceed these limits; otherwise, you may be subject to adverse tax consequences.

If you have exceeded the limits for 2003, you must request a refund from one of the plans to which you contributed. The Fact Sheet, "Annual Limit on Elective Deferrals," and its attached form, Request for Return of Excess Employee Contributions to Participant, are on the Web site at [www.tsp.gov](http://www.tsp.gov). To ensure that your refund is sent to you by April, the TSP must receive your request no later than Feb-

ruary 20, 2004. (Members of the uniformed services serving in a combat zone may be eligible for an extension.)

### Did you receive a payment in 2003 from your TSP account?

Did you receive a withdrawal or have a taxable distribution declared on a TSP loan? If so, in January the TSP will mail you an IRS Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This form has the information you will need to complete your tax returns for 2003.

If you received payments from a TSP annuity in 2003, Metropolitan Life Insurance Company will send you a Form 1099-R for those payments.

For more information, read the notice, "Important Information About Payments From Your TSP Account," available on the Web site. 🦋

# Web or Paper?

**TSP participant statements** are now available on the TSP Web site. Unless you specifically request to have a paper statement mailed to you, all future statements will be available only on the Web site.

You can change the way you are receiving your statements in the Account Access section of the Web site at [www.tsp.gov](http://www.tsp.gov), on the ThriftLine, (504) 255-8777, or by contacting the TSP Service Office. You can request the change at any time; however, the change must be processed by the end of the statement period.

*If you are new to the TSP*, your first participant statement will be mailed to you. Thereafter, statements will be on the Web site. You do not have to take any action if you wish to continue to receive your statements on the Web.

We hope you'll like getting your statements on the Web — it reduces both administrative expenses and the amount of paper in your mailbox! 🌱

## TSP Fund Balances

as of 11/30/2003

G Fund .....	\$ 53.4 billion
F Fund .....	\$ 10.8 billion
C Fund .....	\$ 53.5 billion
S Fund .....	\$ 5.2 billion
I Fund .....	\$ 1.7 billion
<b>Total .....</b>	<b>\$124.6 billion</b>
Participants .....	3.2 million

### TSP Service Office

National Finance Center  
P.O. Box 61500  
New Orleans, LA 70161-1500

## Rates of Return

Refer to the TSP Web site for the 2003 annual rates of return.

Year	G Fund %	F Fund %	LBA Bond Index %	C Fund %	S&P Index %	S Fund %	Wilshire 4500 Index %	I Fund %	EAFE Index %
1993	6.1	9.5	9.8	10.1	10.1	—	14.6	—	32.7
1994	7.2	-3.0	-2.9	1.3	1.3	—	-2.7	—	7.8
1995	7.0	18.3	18.5	37.4	37.6	—	33.5	—	11.3
1996	6.8	3.7	3.6	22.8	23.0	—	17.2	—	6.1
1997	6.8	9.6	9.7	33.2	33.4	—	25.7	—	1.5
1998	5.7	8.7	8.7	28.4	28.6	—	8.6	—	20.1
1999	6.0	-0.8	-0.8	21.0	21.0	—	35.5	—	26.7
2000	6.4	11.7	11.6	-9.1	-9.1	—	-15.8	—	-14.2
2001	5.4	8.6	8.4	-11.9	-11.9	-2.2*	-9.3	-15.4*	-21.4
2002	5.0	10.3	10.3	-22.0	-22.1	-18.1	-17.8	-16.0	-15.9

### Compound Annual Rates of Return 1993 – 2002

6.2	7.5	7.5	9.3	9.3	—	7.3	—	4.0
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### Monthly Returns for 2003

Jan.	0.3	0.1	0.1	-2.7	-2.6	-2.4	-2.2	-4.2	-4.2
Feb.	0.3	1.4	1.4	-1.5	-1.5	-2.6	-2.5	-2.3	-2.3
Mar.	0.3	-0.0	-0.1	1.0	1.0	1.6	1.5	-1.9	-2.0
Apr.	0.3	0.8	0.8	8.3	8.2	8.3	8.3	9.8	9.8
May	0.3	1.9	1.9	5.3	5.3	9.4	9.5	6.1	6.1
June	0.2	-0.3	-0.2	1.2	1.2	2.2	2.4	2.3	2.4
July	0.3	-3.4	-3.4	1.8	1.8	4.6	4.7	2.3	2.4
Aug.	0.4	0.7	0.7	1.9	2.0	4.1	4.2	2.4	2.4
Sep.	0.4	2.7	2.7	-1.1	-1.1	-1.3	-1.2	3.1	3.1
Oct.	0.3	-1.0	-1.0	5.7	5.7	7.7	7.7	6.1	6.2
Nov.	0.3	0.3	0.2	0.9	0.9	3.5	3.4	2.2	2.2

The returns for the TSP funds represent net earnings after deduction of accrued administrative expenses and, in the cases of the F, C, S, and I Funds, after deduction of trading costs and accrued investment management fees. The returns for the four indexes shown do not include any deduction for administrative expenses, trading costs, or investment management fees.

\*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.