



**TSP Open Season.** During May 15 - July 31, 1990, you can sign up to start contributing to the TSP through payroll deductions. Or, you can change how much you are now contributing. FERS employees (and employees covered by equivalent retirement plans) can also specify how they want a portion of their contributions divided among the three TSP Funds. Ask your agency employing office for a copy of the Election Form (TSP-1). Your agency will deduct your contributions from your pay each pay period, according to your choice on Form TSP-1. Your agency also has materials that describe the Plan's features and options:

**Open Season Update, May 15 - July 31, 1990.**

A brief description of the Plan and the three investment Funds. All Federal and Postal employees should receive the Update from their agencies. If you have not received a copy, contact your agency employing office.

**Summary of the Thrift Savings Plan for Federal Employees, March 1989.** Detailed information about the Plan. If you would like the Plan Summary, ask your agency employing office for a copy. Or, if you have left Government service, contact the TSP Service Office at the address on your Participant Statement for a copy.

**Interfund transfers.** FERS participants who have contributed their own money to their accounts can make an interfund transfer in connection with this open season. If you are eligible, the TSP Service Office will mail you an Interfund Transfer Request (Form TSP-30) in June. To make an interfund transfer, the TSP Service Office must **receive** your correctly completed form by August 15, 1990.

**New TSP Telephone Inquiry Line** ☎ Beginning June 1, 1990, we are introducing an automated telephone service. The TSP Inquiry Line was introduced on a test basis earlier this year and is now available to all participants. You can use this new service to find out your account balance each month in the Funds in which you have invested. Also, if you have contributed your own money to your account (and are still employed by the Government), the TSP Inquiry Line will tell you the amount you may be eligible to borrow and the current interest rate for TSP loans. In addition, all FERS participants who are eligible for an interfund transfer can use the Inquiry Line to request a replacement Form TSP-30.

Call the TSP Inquiry Line on **(504) 255-8777** from a Touch-Tone phone. (This is not a toll-free number.) You will need your Social Security number and your Personal Identification Number (PIN), which is printed on your Participant Statement. The service is available 24 hours a day, seven days a week.

**Need help or information about your account?**

If you have questions about your contributions or the personal information printed on your Participant Statement, contact your agency (or your former agency if you have left Federal service). The TSP Service Office cannot make any changes to your account. However, if you have retired or separated from Federal service, the TSP Service Office is your contact to report an address change or to request withdrawal information.

**Interested in a loan?** The booklet, "Thrift Savings Plan Loan Program," was revised in January 1990 and is available at your agency employing office. Be sure to read this booklet if you plan to apply for a loan. It contains a lot of new information about the loan program and loan documentation requirements. Remember, only currently employed participants, who have at least \$1,000 of their own contributions in their accounts, can apply for a loan.

**Leaving Federal service? Withdrawing your account?** When you leave Federal service: (1) make sure you get the booklet, "Withdrawing Your TSP Account Balance," from your agency, along with the withdrawal forms you will need; and (2) make sure that your agency sends a TSP Separation Code and Form TSP-18, Validation of Retirement Information, to the TSP recordkeeper. We cannot process a withdrawal without the TSP Separation Code and Form TSP-18.

If you are not eligible for basic retirement benefits when you leave Federal service (generally, if you have less than five years of service), you must transfer your account to an IRA or other eligible retirement plan. If you are eligible for basic

retirement benefits when you leave, you may choose to keep your money in the TSP, except for amounts that must be withdrawn beginning at age 70 to satisfy IRS requirements. Your withdrawal options are explained in the withdrawal booklet. (If you have less than \$200 in your account, you may receive an automatic cash-out, if you do not submit any withdrawal forms.)

**Returning to Federal service?** Check with your agency when you are rehired to see when you can start to contribute to your account again (or receive agency contributions, if you are a FERS employee.) If you left Government service with basic retirement eligibility and you want to withdraw your TSP account, your withdrawal forms must be received by the TSP Service Office before you are rehired.

**Change in adjustment processing.** Adjustments are made to an account by an agency payroll office to remove incorrect employee or agency contributions. In March 1990, we changed the timing of adjustments, and this change is reflected on Participant Statements. Your agency payroll office has the details on any adjustments to your account. Please contact them if you need more information.

**Do we have your correct address?** Every open season, a number of Participant Statements are returned to us because of incorrect addresses. If you have moved or are planning to move, be sure that your agency submits your new address to the TSP. If you are currently employed, only your agency can correct your address for your TSP account. If you have left Federal Service, notify the TSP Service Office (on Form TSP-9 or by letter) of any change in your address.

**Thrift Savings Plan Investment Information**

Following is a brief description of the three TSP Funds and the performance of securities like those in the Funds over the past ten years, as well as the performance of each Fund in 1988 and 1989 and during the 12 months through March 1990.

**The G Fund** is managed by the Federal Retirement Thrift Investment Board. It is invested in short-term nonmarketable U.S. Treasury securities that are specially issued to the Plan. G Fund investments earn interest at a rate that is equal, by law, to the average of market rates of return on U.S. Treasury marketable securities outstanding with four or more years to maturity. There is no credit risk (risk of nonpayment of principal or interest) for the Treasury securities in the G Fund. In addition, market risk (the risk that investments may fluctuate in value as interest rates change) is minimized by the Board's current policy of investing the G Fund in short-term rather than longer-term securities.

The calendar-year total rates of return for the last ten years for G Fund related securities, based on the monthly rates (compounded) for such securities, are shown below. These figures are based on the statutory rate of return and are stated without deducting Plan expenses. The table also shows the actual G Fund rates of return in 1988 and 1989, after deducting administrative expenses of the Plan. Plan expenses reduced the 1989 return by 0.21%, or \$2.10 for every \$1,000 of G Fund account balance. There is no assurance that the future rates of return for the G Fund will resemble any of these rates:

Year	G Fund	Related Securities
1980		11.57%
1981		14.18%
1982		13.56%
1983		11.61%
1984		13.13%
1985		11.33%
1986		8.29%
1987		8.73%
1988	8.81%	9.19%
1989	8.81%	9.01%
1980 - 1989 average annual rate of return		11.04%

The monthly G Fund rates of return (after expenses) for the 12 months through March 1990 are presented in the following table. These rates were used in the monthly allocation of earnings to participants' accounts.

**Actual Rates of Return for the G Fund**

<b>1989</b>	
April	0.75%
May	0.76%
June	0.70%
July	0.69%
August	0.66%
September	0.68%
October	0.71%
November	0.65%
December	0.67%
<b>1990</b>	
January	0.68%
February	0.64%
March	0.72%
<b>12 months</b>	<b>8.64%</b>

**The C Fund.** The Thrift Investment Board has contracted with Wells Fargo Bank, a subsidiary of Wells Fargo & Co., to manage the C Fund. The C Fund is invested primarily in Wells Fargo's Equity Index Fund (a commingled stock index fund with \$16.0 billion in assets). The C Fund also includes temporary investments in the G Fund and certain other short-term securities pending investment in the Equity Index Fund and to cover liquidity needs such as loans and withdrawals from the Plan.

The Equity Index Fund is designed to replicate the performance of the Standard & Poor's (S&P) 500 stock index and has tracked the index closely since 1974. The calendar-year total rates of return for the Equity Index Fund and the S&P 500 stock index for the last ten years are shown below. These rates are stated without deducting administrative, management, and trading expenses. The table also shows the actual 1988 and 1989 C Fund rates of return, after deducting expenses. Expenses reduced the 1989 C Fund return by 0.20%, or \$2.00 for every \$1,000 of C Fund account balance.

Year	C Fund	Wells Fargo Equity Index Fund	S&P 500 Index*
1980		32.50%	32.38%
1981		- 4.62%	- 5.10%
1982		21.52%	21.09%
1983		22.37%	22.36%
1984		6.55%	6.12%
1985		32.32%	32.02%
1986		18.49%	18.55%
1987		5.23%	5.23%
1988	11.84%	16.60%	16.83%
1989	31.03%	31.61%	31.53%
1980 - 1989 average annual rate of return		17.62%	17.46%

\* Calculated by Wilshire Associates.

The monthly C Fund rates of return (after expenses) for the 12 months through March 1990 are presented in the following table. These rates were used in the monthly allocation of earnings to participants' accounts. There is no assurance that the future rates of return for the C Fund will resemble any of these rates:

Month	C Fund	Wells Fargo Equity Index Fund*
<b>1989</b>		
April	5.14%	5.20%
May	3.98%	4.02%
June	- 0.58%	- 0.55%
July	8.83%	9.00%
August	1.98%	1.91%
September	- 0.29%	- 0.40%
October	- 2.33%	- 2.30%
November	2.05%	2.04%
December	2.37%	2.39%
<b>1990</b>		
January	- 6.59%	- 6.67%
February	1.26%	1.23%
March	2.64%	2.67%
<b>12 months</b>	<b>19.16%</b>	<b>19.28%</b>

\* Tracks the S&P 500 index.

The C Fund gives participants the opportunity to diversify their investments and to earn the relatively high investment return sometimes available through stock ownership, while lessening the effect that the poor performance of an individual stock or industry will have on overall investment performance. The risk of investing in the C Fund is that the value of stocks can decline sharply, and the total return on the C Fund could be negative, resulting in a loss.

**The F Fund.** This Fund, also managed by Wells Fargo, is a bond index fund invested primarily in Wells Fargo's Bond Index Fund (a commingled bond index fund with \$0.9 billion in assets). The Bond Index Fund consists primarily of U.S. Treasury,

corporate, and Federally sponsored agency notes and bonds. The F Fund, like the C Fund, may have temporary investments in the G Fund and certain other short-term securities pending purchase of these notes and bonds and for liquidity requirements. The Bond Index Fund is intended to replicate the Shearson Lehman Hutton Government/Corporate (SLHGC) bond index and has tracked the index closely since the Fund began in 1984.

The calendar-year total rates of return for the Bond Index Fund since it began and the SLHGC bond index for the last ten years are shown below. These rates are shown without deducting administrative, management, and trading expenses. The table also shows the actual F Fund rates of return in 1988 and 1989, after expenses. Expenses reduced the 1989 F Fund return by 0.23%, or \$2.30 for every \$1,000 of F Fund account balance.

Year	F Fund	Wells Fargo Bond Index Fund*	SLHGC Bond Index**
1980			3.06%
1981			7.26%
1982			31.09%
1983			8.00%
1984		15.06%	15.02%
1985		21.32%	21.30%
1986		15.53%	15.62%
1987		2.25%	2.29%
1988	3.63%	7.58%	7.58%
1989	13.89%	14.37%	14.24%
1984 - 1989 average annual rate of return		12.51%	12.51%
1980 - 1989 average annual rate of return			12.24%

\* Established in 1984.

\*\* Calculated by Shearson Lehman Hutton.

The monthly F Fund rates of return (after expenses) for the 12 months through March 1990 are presented in the following table. These rates were used in the monthly allocation of earnings to participants' accounts. There is no assurance that the future rates of return for the F Fund will resemble any of these rates:

Month	F Fund	Wells Fargo Bond Index Fund*
<b>1989</b>		
April	2.05%	2.11%
May	2.42%	2.51%
June	3.19%	3.27%
July	2.06%	2.11%
August	- 1.48%	- 1.55%
September	0.37%	0.44%
October	2.45%	2.55%
November	0.86%	0.90%
December	0.16%	0.18%
<b>1990</b>		
January	- 1.38%	- 1.40%
February	0.21%	0.23%
March	0.01%	- 0.01%
<b>12 months</b>	<b>11.37%</b>	<b>11.77%</b>

\* Tracks the SLHGC bond index.

The F Fund offers the opportunity for increased rates of return in periods of generally declining market interest rates. At such times, the values of the longer-term bonds held in the F Fund should increase, unlike those of the short-term securities held in the G Fund. Yet, the F Fund has the potential for a negative return when market interest rates are increasing, which could result in a loss.

**TSP rates of return.** The monthly rates of return shown in the tables above are the returns used in crediting earnings to your account each month. You can calculate the earnings allocated to your account for any month by multiplying the rate of return for that month by the sum of the prior month-end balance (MEB on your Participant Statement) and one-half of the total of that month's deposits, loan payments, and adjustments made by agency payroll offices and processed prior to February 17, 1990. Adjustments processed after February 17 are already included in month-end balances and do not need to be included in your calculation.

The 12-month returns in the above tables assume a constant dollar balance during the 12-month period, with no deposits (except the crediting of earnings), interfund transfers, adjustments, loans, or withdrawals. Thus, TSP participants with activity in their accounts cannot use these period returns to calculate their actual earnings for the 12-month period. The amount and timing of activity in your account affect the weight of each monthly return in the calculation of the 12-month period return, and each participant's account activity is different.

Because the 12-month returns in the tables above assume a constant account balance throughout the period (no activity except the crediting of earnings), each of the 12 monthly returns is given equal weight in the calculation of the 12-month return.