

Glossary of Terms

Account Balance — The sum of the dollar amounts in each TSP investment fund for an individual account. The dollar amount in each investment fund on a given day is the product of the total number of shares in that fund multiplied by the share price for that fund on that day.

Account Access — The secure section of the TSP Web site, where you can log into your account to find out your account balance or perform certain transactions.

Account Number — The 13-digit number that the TSP assigns to a participant to identify his or her TSP account. The participant must use this TSP account number (or a custom user ID) in conjunction with his or her Web password to log into the Account Access section of the TSP Web site, and must use this number with his or her Personal Identification Number (PIN) to enter the Account Menu of the ThriftLine.

Agency Automatic (1%) Contributions — Contributions equal to 1% of basic pay each pay period, contributed to a FERS participant's TSP account by his or her agency. New FERS employees must serve a waiting period before they become eligible for these contributions.

Annuity — A payment to the participant (or to the participant's survivor if the participant elects a joint annuity) each month. Payments continue as long as the participant (or his or her survivor) is alive.

Basic Pay (Civilian) — This pay is defined in 5 United States Code (U.S.C.) 8331(3).

Basic Pay (Uniformed Services) — This refers to compensation payable under sections 204 and 206 of U.S.C. title 37. Section 204 pay is pay for active duty; section 206 pay (e.g., inactive duty for training (IDT) pay) is pay earned by members of the Ready Reserve (including the National Guard).

Before-Tax Contributions — Contributions of pay that has not yet been taxed. Sometimes referred to as "tax-deferred" contributions.

Bond — A debt security issued by a government entity or a corporation to an investor from whom it borrows money. The bond obligates the issuer to repay the amount borrowed (and, traditionally, interest) on a stated maturity date.

Bonus Pay (Uniformed Services) — Generally, a type of special pay, with its own rules for TSP contribution election purposes.

Catch-Up Contributions — Contributions which are made via payroll deductions by a participant age 50 or older and are permitted to exceed the Internal Revenue Code (I.R.C.) elective deferral limit.

Civil Service Retirement System (CSRS) — The term "CSRS" refers to the retirement system for Federal civilian employees who were hired before January 1, 1984. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

Contribution — A deposit made to the TSP by a participant through payroll deduction or on behalf of the participant by his or her agency or service.

Contribution Allocation — A participant's choice that tells the TSP how contributions, rollovers, and loan payments that are going into his or her account should be invested among the TSP funds.

Contribution Election — A request by a participant to start contributing to the TSP, to change the amount of his or her contribution to the TSP each pay period, or to terminate contributions to the TSP.

Credit Risk — The risk that a borrower will not make a scheduled payment of principal and/or interest.

Currency Risk — The risk that the value of a currency will rise or fall relative to the value of other currencies. Currency risk could affect investments in the I Fund because of fluctuations in the value of the U.S. dollar in relation to the currencies of the 21 countries in the EAFE index.

Custom User ID — A combination of letters, numbers, and/or symbols that you can create to use instead of your TSP account number to log into the Account Access section of the TSP Web site. The custom user ID cannot be used on the ThriftLine as a substitute for the account number.

Designation of Beneficiary — The participant's formal indication of who should receive the money in his or her account in the event of his or her death. Participants must use the TSP Designation of Beneficiary form. (A will is not valid for the disposition of a participant's TSP account.)

Disburse — To pay out money, as from the TSP.

Elective Deferral Limit — An annual dollar limit, established under the Internal Revenue Code (I.R.C.), for tax-deferred TSP employee contributions. "Catch-up" contributions made by participants age 50 and older are not subject to this limit, but have a separate I.R.C. limit.

Eligible Employer Plan — A plan qualified under Internal Revenue Code (I.R.C.) § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an I.R.C. § 403(a) annuity plan; an I.R.C. § 403(b) tax-sheltered annuity; and an eligible I.R.C. § 457(b) plan maintained by a government employer.

Eligible Rollover Distribution — A distribution from the TSP that is eligible to be transferred or rolled over to an IRA or eligible employer plan. Eligible rollover distributions from the TSP include: monthly payments that are expected to be completed in less than 10 years, full or partial withdrawals (other than for hardship) made in a single payment, age-based in-service withdrawals, automatic cash-outs, taxable loan distributions caused by separation from service (rollover only), court ordered payments made to a current or former spouse, and death benefit payments made to a spouse beneficiary. **Note:** Even though the IRS treats it as a non-periodic payment, a death benefit payment to a non-spouse beneficiary may be eligible to be directly transferred from the TSP to an inherited IRA.

Federal Employees' Retirement System — The term "FERS" refers to the retirement system for Federal civilian employees who were hired on or after January 1, 1984. FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans.

Fixed Income Investments — Generally refers to bonds and similar investments (considered debt instruments) that pay a fixed amount of interest.

Full Withdrawal — A post-separation withdrawal of a participant's entire TSP account through an annuity, a single payment, or monthly payments (or a combination of these three options).

Incentive Pay (Uniformed Services) — Pay set forth in Chapter 5 of U.S.C. title 37 (e.g., flight pay, hazardous duty pay).

Index — A broad collection of stocks or bonds which is designed to match the performance of a particular market. For example, the Standard and Poor's 500 (S&P 500) is an index of large and medium-sized U.S. companies.

Index Fund — An investment fund that attempts to track the investment performance of an index.

Inflation Risk — The risk that investments will not grow enough to offset the effects of inflation.

Inherited IRA — An individual retirement account described in §§ 402(c)(11), 408(d)(C) of the Internal Revenue Code (I.R.C.). An inherited IRA was established specifically for the purpose of transferring money inherited by someone other than a spouse from a plan such as the TSP. Inherited IRAs may provide significant tax ben-

efits since the required distribution for the IRA can generally be spread across the lifetime of the beneficiary.

In-Service Withdrawal — A disbursement made from a participant's account which is available only to a participant who is still employed by the Federal Government, including the uniformed services.

Interfund Transfer (IFT) — An IFT allows the participant to redistribute all or part of his or her TSP account among the different TSP funds. For each calendar month, the participant's *first two* IFTs can redistribute money in his or her account among any or all of the TSP funds. After that, for the remainder of the month, the participant's IFTs can *only* move money into the Government Securities Investment (G) Fund (in which case, the participant will increase the percentage of his or her account held in the G Fund by reducing the percentage held in one or more of the other TSP funds). This election does not change the way new contributions, transfers or rollovers into the TSP, or loan payments are invested.

IRS Life Expectancy Tables — When you withdraw your account, if you choose to have the TSP calculate monthly payments based on life expectancy, the TSP will use these tables. IRS Single Life Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 1, is used for participants who are under age 70 after June 30 of the calendar year in which the calculation is made. For participants who turn age 70 before July 1 of that year, the Uniform Lifetime Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 2, is used.

Market Risk — The risk of a decline in the market value of stocks or bonds.

Matching Contributions — Contributions made by agencies to TSP accounts of FERS employees who contribute their own money to the TSP. (CSRS employees do not receive matching contributions. At present, members of the uniformed services also do not receive matching contributions.)

Mixed Withdrawal — A post-employment withdrawal of a participant's entire account through any combination of the following: an annuity, a single payment, or monthly payments.

Monthly Payments — Payments that the participant elects to receive each month from his or her TSP account after separating from service.

Partial Withdrawal — A one-time post-employment distribution of part of a participant's account balance. A partial withdrawal is participant-elected and is made in a single payment.

Participant Statements — Statements that are furnished to each TSP participant after the end of each calendar quarter and after the end of each calendar year. Quarterly statements show the participant's account balance

(in both dollars and shares) and the transactions in his or her account during the quarter covered. Annual statements summarize the financial activity in the participant's account during the year covered and provide other important account data such as the participant's personal investment performance, primary beneficiary information, and an account profile.

Password — A secret eight-character code made up of letters and numbers that a TSP participant uses in conjunction with his or her TSP account number (or custom user ID) whenever accessing his or her account through the TSP Web site. For new participants, the initial password is computer-generated and is sent to the participant shortly after his or her first contribution is received by the TSP. Participants can customize their passwords using the TSP Web site.

Personal Identification Number (PIN) — A four-digit number that the participant can use (in conjunction with his or her TSP account number) to access his or her own account on the ThriftLine. The initial PIN is computer-generated and is sent to the participant shortly after the participant's first contribution is received by the TSP.

Post-Separation Withdrawal — A distribution from a participant's account which is available only to participants who have left Federal service or the uniformed services. Sometimes referred to as a "post-employment" withdrawal. (See also "Withdrawal.")

Reamortize — Adjust the terms of a loan to change the loan payment amount or to shorten or lengthen the repayment term.

Required Minimum Distribution — The amount of money, based on a participant's age and previous year's TSP account balance, that the IRS requires be distributed to a participant each year after the participant has reached age 70½ and is separated from service.

Risk (Volatility) — The amount of change (both up and down) in an investment's value over time.

Roth IRA — An individual retirement account that is described in § 408A of the Internal Revenue Code (I.R.C.). A Roth IRA provides tax-free earnings. You are not eligible to transfer money from your TSP account to a Roth IRA if either of the following conditions applies: (1) your modified adjusted gross income is over \$100,000 or (2) you are married and file a separate return. Further, you must pay taxes on the funds you transfer to a Roth IRA; the tax liability is incurred for the year of the transfer.

Section 415(c) Limit — An Internal Revenue Code (I.R.C.) limit on the amount of money that can be contributed on behalf of a participant to an eligible retirement plan.

Securities — A general term describing a variety of financial instruments, including stocks and bonds.

Single Payment — A payment made at one time. Sometimes referred to as a "lump sum."

Special Pay (Uniformed Services) — Pay set forth in chapter 5 of U.S.C. title 37 (e.g., medical and dental officer pay, hardship duty pay, career sea pay).

Stocks — Equity securities issued as ownership in a publicly held corporation.

Tax-Exempt Contributions — Contributions of money that will never be taxed. Such contributions can be made to the TSP by members of the uniformed services from pay that is covered by the combat zone tax exclusion.

ThriftLine — The TSP's automated voice response system. It provides general news about the TSP and allows participants to access certain information and perform some transactions over the telephone. You can also use the ThriftLine to contact participant service representatives at the TSP. To access your account through the ThriftLine, you will need your TSP account number and ThriftLine PIN.

Time Horizon — The investment time you have until you need to use your money.

Traditional IRA — A traditional individual retirement account described in § 408(a) of the Internal Revenue Code (I.R.C.), or an individual retirement annuity described in I.R.C. § 408(b), into which a TSP participant can transfer money from his or her TSP account. (It does not include an inherited IRA, a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).)

Uniformed Services — Uniformed members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration serving on active duty, and members of the Ready Reserve or National Guard of those services in any pay status.

Vesting — For a FERS participant, the time in service that he or she must have upon separation from service in order to be entitled to keep Agency Automatic (1%) Contributions and associated earnings. A participant is vested in (entitled to keep) the Agency Automatic (1%) Contribution in his or her account after completing 3 years of Federal service (2 years for most FERS employees in Congressional and certain noncareer positions).

Volatility — See "Risk."

Withdrawal — A general term for a distribution that a participant requests from his or her account. (Includes in-service withdrawal, partial withdrawal, full withdrawal, etc.)