



# Thrift Savings Plan HIGHLIGHTS

April 2009

## Got questions?

You can find many answers on the TSP Web site, [www.tsp.gov](http://www.tsp.gov), which provides extensive information about the TSP. Many helpful TSP publications are also available on the web site or from your agency or service. Try using these resources to enhance your knowledge of the TSP. The Glossary of Terms on the web site can help you with the crossword puzzle on the back of this page. You might also want to try your hand at the quiz "How's Your TSP IQ?" in the April 2007 *Highlights*, which is also available on the TSP Web site.

- Across**
1. 1 Fund
  3. IFT
  6. L Funds
  9. beneficiary
  11. reamortize
  14. free
  15. catch-up
  17. automatic
- Down**
1. interfund transfer
  2. G Fund
  4. allocation
  5. contribution
  7. retirement
  8. before-tax
  10. password
  12. TSP Web site
  13. matching
  16. PIN
- Answers to  
Crossword Puzzle

## The TSP: Too Good to Ignore

**April is Financial Literacy Month** — a time traditionally set aside to evaluate savings and investment strategies. It's a time to examine how and where you spend money, and to look for ways to spend less and save more. It's a time to evaluate whether you are sacrificing long-term savings goals to satisfy short-term spending needs, and to form a plan to get your priorities straight. **Saving for retirement is an essential long-term goal, a critical step on the road to financial health.** As a Federal employee, you can participate in the TSP, widely regarded as one of the finest retirement savings plans in the world. Take a moment to educate yourself and make sure you're getting all you can out of the TSP.

**Take advantage of before-tax savings.** The money you contribute to the TSP is taken out of your pay before taxes are calculated, reducing the amount of your taxable pay. The taxes that you don't pay now help to finance your contributions to the TSP.

**Grow now, pay later.** The money you contribute to your TSP account grows tax deferred. Any investment earnings also accumulate tax deferred over time. You don't pay tax on your earnings (and contributions) until you withdraw your money. If you anticipate being in a lower tax bracket in retirement, this deferral is even more valuable.

**Never leave free money on the table that could be yours.** If you are a FERS employee, you know that your agency automatically contributes 1% of your basic pay to your account — and matches the first 5% of your pay that you contribute to your account. Make it a goal to contribute at least enough to get the full match if you are not already doing so.

**Diversify your investments — a good thing in any market.** Financial assets often behave differently from one another depending on prevailing market conditions. The TSP gives you the opportunity to spread your money around, or diversify, rather than try to guess which fund is going to have the highest return at any particular time — something that even "experts" have trouble doing. And while diversification does not offer a guarantee against loss, most investment professionals agree that it is the most important component of long-term financial success. The TSP's index funds track large and small U.S. companies, international companies, bonds, and Government securities. To make diversifying easier, the TSP has created the Lifecycle Funds (L Funds) — five fully diversified, professionally managed funds targeted to when you'll need your money in retirement.

**Don't cash out early.** If you've done the right thing and saved consistently for your retirement, resist the temptation to cash out early. In addition to taxes on the amount you withdraw, you may also pay the Internal Revenue Service 10% early withdrawal penalty.

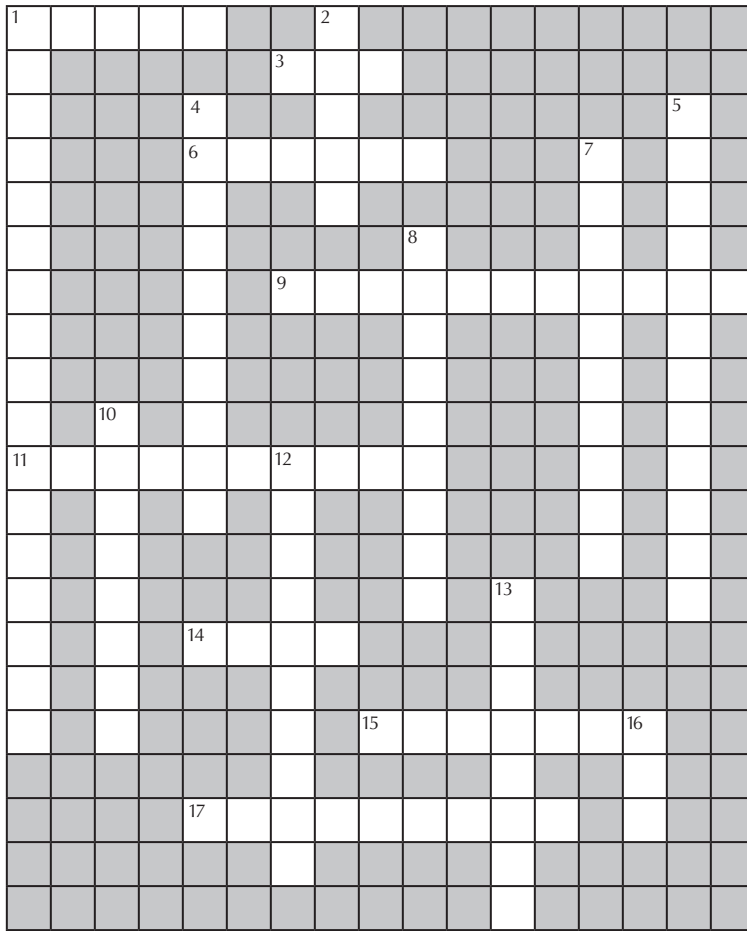
**A simple plan, simply executed.** On the road to financial literacy, it's important to know where you are investing, what you are investing in, and how much it is costing you. The TSP offers you a wide variety of investment choices — with just 10 funds. In 2008, total TSP expenses cost you only 19¢ for every \$1,000 you had invested — a negligible amount by any standard. You will never have to worry that TSP employees are travelling around in private jets or getting rich on million-dollar bonuses at your expense. The TSP is managed by Federal employees **for** Federal employees. It is too good to ignore. 🗺️

TSP Web Site:  
[www.tsp.gov](http://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)

# TSP: Right Answers for Your Retirement



## ACROSS

1. The TSP fund that invests in stocks of companies in developed countries (not the U.S.). Tracks the EAFE index.
3. Commonly used TSP abbreviation for 1 down.
6. The TSP funds that make investing easier by using a professionally determined mix of assets.
9. You designate a \_\_\_\_\_ to receive the money in your TSP account after you die.
11. Adjust the terms of a TSP loan to change the payment amount or the repayment term.
14. Agency contributions for FERS participants is \_\_\_\_\_ money!
15. Contributions which can only be made by a participant who turns age 50 or older in the calendar year.
17. A contribution equal to 1% of pay made by agencies to FERS employees' accounts.

## DOWN

1. A transaction you request that redistributes your *existing* account balance among the TSP funds. (2 words)
2. The TSP fund that earns interest without any risk of losing principal.
4. Second word for the answer to 5 down.
5. With 4 down, a transaction that tells the TSP how your *future* contributions, rollovers, and loan payments should be invested among the TSP funds.
7. In the TSP, you're saving for your \_\_\_\_\_.
8. Contributions made from pay prior to tax withholding are \_\_\_\_\_ - \_\_\_\_\_ contributions. (2 words)
10. A code made up of letters and numbers used with your TSP account number (or custom user ID) to access your account on the TSP Web site.
12. www.tsp.gov. (3 words)
13. Agency contributions on up to 5% of pay made to TSP accounts of contributing FERS employees.
16. A number used with your TSP account number to access your account on the ThriftLine.

## Rates of Return

	L 2040	L 2030	L 2020	L 2010	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
<b>Monthly 2009</b>										
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
<b>Annual 1999 - 2008</b>										
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.