



Thrift Savings Plan HIGHLIGHTS

October 2010



Visit the Bulletin Board on the TSP website home page for a look at the latest TSP poster. Its goal is to get you thinking about whether you're saving enough for your retirement. All of us know what we have saved in our TSP accounts, but we may not always have a good feel for how the balance of our savings would translate into a monthly amount in retirement.

Starting with your 2010 annual participant statement, which will be mailed in early 2011, you will see a lifetime monthly payment amount based on your account balance as of 12/31/2010. This number should give you an idea of how your current TSP savings would contribute to your comfort in retirement.

To help you estimate how much you should be saving in the TSP, visit the TSP website calculator How Much Should I Save? (under the Planning & Tools tab on the home page). The calculator will lead you through a tally of all your sources of retirement income, and let you know whether you'll need to increase your savings.



New Lifecycle Fund on the Block

The L 2010 Fund will close on December 31, 2010, and the new Lifecycle fund, the L 2050 Fund, will be launched on January 31, 2011!

When one of the L Funds reaches its time horizon (or final asset allocation), it is retired, the investments in the fund are rolled into the L Income Fund, and a new fund with a more distant time horizon is introduced. The L 2010 Fund reached its final asset allocation this past July, and will be retired on December 31, 2010, making way for the introduction of the new L 2050 Fund.

How the Lifecycle (L) Funds work. Each of the L Funds is invested in a professionally determined mix of stocks, bonds, and Treasury securities (a combination of investments in the G, F, C, S, and I Funds). All you have to determine is when you will need your money in retirement—your time horizon—and choose the L Fund that is closest to that date. The L Funds with target dates that are farther into the future are invested with higher percentages in domestic and foreign stocks (C, S, and I Funds). These funds are riskier, but offer the potential for greater growth. The investment mix of each fund adjusts quarterly to more conservative investments as the fund's time horizon shortens. When you invest in an L Fund, you take on a level of risk appropriate for your time horizon in order to pursue higher returns.

The L 2050 Fund. As the L Fund with the most distant time horizon, the L 2050 Fund will focus more on growth than on the preservation of assets. It will therefore have the most aggressive investment mix of all the L Funds, with higher percentages in domestic and foreign stocks (the C, S, and I Funds), and lower percentages in Government securities and bonds (the G and F Funds). Like all the L Funds, as the L 2050 Fund ages, its investment mix will gradually shift to more conservative investments.

The initial share price for the L 2050 Fund will be \$10.

Who should invest in the L 2050 Fund? Generally speaking, you should invest in the L 2050 Fund if you are looking for broad diversification of your investments and you expect to need your money in 2045 or later. The L Funds are designed so that 100% of your TSP account can be invested in the single L Fund that most closely matches your time horizon. Some participants who are currently invested in the L 2040 Fund may want to consider moving to the L 2050 Fund if that time horizon is more appropriate to their target retirement date.

Getting in. Beginning at 12 noon Eastern time on January 28, 2011, participants will be able to begin making contribution allocations and interfund transfers into the L 2050 Fund through the My Account section of the TSP website or by calling the ThriftLine. These elections will become effective on January 31, 2011, the opening date of the Fund. 

TSP Website:
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)

End-of-Year Reminders

There are a number of account management strategies you might want to consider as the end of the year approaches:

Elective deferral limit. If you are a FERS employee, check your TSP contributions to make sure that you don't reach the elective deferral limit (\$16,500) before the end of the year and lose matching contributions from your agency.

Catch-up contributions. It is not too late to make catch-up contributions if you are age 50 or over and expect to contribute the maximum amount in regular contributions (\$16,500) in 2010. Sign up using your agency's electronic benefits system (such as Employee Express, PostalEase, EBIS, myPay, or the NFC PPS) or use Form TSP-1-C (TSP-U-1-C for uniformed services), Catch-Up Contribution Election, which is available at www.tsp.gov.

Change in monthly payments. If you are receiving monthly payments from your account, you can use Form TSP-73 (TSP-U-73 if you are receiving payments from a uniformed services account) to change the amount of the monthly payments you'll receive in 2011, or to change from

TSP-computed payments to payments of a specific dollar amount. Participants who transferred or rolled over money into their accounts in 2010 and saw an increase in their payments may take advantage of this annual change to adjust their payments. The change will be effective January 1, 2011, as long as the TSP receives your form by December 15, 2010. If you are eligible to make this change, the TSP will send you a letter in October with the appropriate form and instructions.

Beneficiaries. Check your beneficiary designation, if you have made one, to make sure that it reflects your current wishes. The TSP has issued a new Form TSP-3, Designation of Beneficiary, dated 8/2010, which can be used by both civilian and uniformed services participants. If you have two accounts, you can now designate beneficiaries and shares for both accounts on one form (as long as your designation is identical for both accounts). **Note:** The separate Form TSP-U-3 for uniformed services is no longer used.



Rates of Return										
	L 2040	L 2030	L 2020	L 2010	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
Monthly 2010										
Jan	-2.88%	-2.49%	-2.03%	-0.58%	-0.45%	0.29%	1.54%	-3.60%	-2.43%	-5.17%
Feb	2.18	1.94	1.61	0.81	0.74	0.24	0.38	3.11	4.89	0.06
Mar	5.15	4.52	3.75	1.61	1.43	0.27	-0.11	6.04	7.39	6.28
Apr	1.05	0.94	0.76	0.51	0.50	0.28	1.07	1.58	4.82	-2.35
May	-6.97	-6.07	-4.98	-1.64	-1.50	0.28	0.85	-7.99	-7.51	-11.20
June	-3.47	-2.98	-2.34	-0.68	-0.61	0.24	1.56	-5.24	-6.90	-1.75
July	6.60	5.80	4.82	1.81	1.81	0.23	1.07	7.01	7.00	10.78
Aug	-3.33	-2.88	-2.29	-0.62	-0.63	0.22	1.28	-4.51	-5.59	-3.14
Annual 2000 - 2009										
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
2009	25.19	22.48	19.14	10.03	8.57	2.97	5.99	26.68	34.85	30.04
<p>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 website.</p> <p>The Lifecycle 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.</p> <p>* The Government Securities Investment (G) Fund; the Fixed Income Index Investment (F) Fund; the Common Stock Index Investment (C) Fund; the Small Capitalization Stock Index (S) Fund; the International Stock Index Investment (I) Fund</p>										