



# HIGHLIGHTS

July 2015

## A Tale of Two Investments

This year, new accounts for civilian and beneficiary participants will no longer be invested in the G Fund when they're created. Instead, they'll be invested in the age-appropriate L Fund unless participants make a change. The chart below illustrates the difference in recent annual returns of our L 2030 Fund and the G Fund.

Year*	G Fund	L 2030 Fund
2010	2.81%	12.48%
2011	2.45%	-0.31%
2012	1.47%	12.61%
2013	1.89%	20.16%
2014	2.31%	5.74%
<b>Past 5 Years</b>	<b>2.18%</b>	<b>9.92%</b>

\* Past performance does not guarantee future results.

## Keep in Touch!

You can now add up to two email addresses and one phone number to your TSP account. If you do, we'll send confirmation notices for certain online transactions and other communications to the inbox of your choice. To add your information, follow the prompt when you log into My Account at [tsp.gov](http://tsp.gov), or go to "Profile Settings" after logging into My Account. The TSP will not share your personal information with any other entity.

## Happy Birthday, L Funds!

Ten years ago this August, the TSP introduced an exciting investment option: our first Lifecycle (L) Funds. The L Funds—L Income, L 2020, L 2030, L 2040, and L 2050 (which launched later in January 2011)—are professionally designed based on your age and when you'll need your money. For example, our experts designed L 2030 for people who plan to need their money around the year 2030.

Participation in the L Funds has more than doubled since 2006. And starting this year, the TSP accounts of new civilian hires and new spouse beneficiary participants will be invested in the age-appropriate L Fund. (Currently, new TSP participants are enrolled in the G Fund until they make a change; see the chart to the left for comparison.) We will determine these new participants' age-appropriate L Fund by assuming that they will need their money during a specific time period. Keep reading to learn about the L Funds and how investing in one might help you achieve your retirement goals.

**How do the L Funds work?** Whether you're comfortable with investing or not, the L Funds offer investment strategy without the stress. Our experts designed each one to maximize gains and minimize losses based on when you'll need your money. The L Funds provide a mix of our five core investment funds, including Government securities (the G Fund), bonds (the F Fund), and domestic and foreign stocks (the C, S, and I Funds). The L Funds then automatically become more conservative over time.

**Which L Fund is "age-appropriate" for me?** The L Funds are tailored to different "time horizons," or the years that you might need the money in your TSP account. The more time you have, the more risk you might be able to tolerate. This is because early losses can be offset by later gains. Review the chart below to determine your age-appropriate L Fund.

L Fund	Consider If You	Strategy
L 2050	Were born in 1983 or later or plan to need your savings in 2045 or later	Focused more on the potential for high growth than on preserving assets
L 2040	Were born 1973–1982 or plan to need your savings from 2035–2044	Focused more on the potential for high growth than on preserving assets
L 2030	Were born 1963–1972 or plan to need your savings from 2025–2034	Aims to provide moderate-to-high growth with a low emphasis on preserving assets
L 2020	Were born 1954–1962 or plan to need your savings from 2016–2024	Aims to provide moderate growth with a moderate emphasis on preserving assets
L Income	Were born in 1953 or earlier or plan to need your savings before 2016	Aims to preserve assets while providing some growth

**TSP Website:** [tsp.gov](http://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)

**YouTube:** TSP4gov  
**Twitter:** @tsp4gov

**How can I invest in an L Fund?** If you'd like to change the funds that you invest in:

- 1) Log into My Account at tsp.gov. (If you've forgotten your password, you may now call the ThriftLine to reset it.)
- 2) To change the way new money coming into your account is invested, choose "Contribution Allocations" from the Online Transactions menu on the left side of the screen.
- 3) To change the way money that is already in your account is invested, choose "Interfund Transfers" from the Online Transactions menu.
- 4) You can also complete these transactions by calling the ThriftLine at 1-877-968-3778.

Visit the Investment Funds section of [tsp.gov](http://tsp.gov) to learn more about the benefits of the L Funds. You can also watch our informational video, "Your TSP Investment Options: The Lifecycle Funds," at [youtube.com/tsp4gov](http://youtube.com/tsp4gov).

**Highlights Makeover**

You might notice some changes in the next issue of *Highlights*, including a new look and feel in addition to streamlined investment information. Stay tuned!

**Rates of Return and Expenses**

	L 2050	L 2040	L 2030	L 2020	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
<b>Monthly 2015</b>										
Jan	-1.18%	-1.02%	-0.83%	-0.58%	-0.08%	0.18%	2.13%	-2.99%	-1.85%	1.19%
Feb	4.99	4.39	3.80	2.95	1.19	0.13	-0.91	5.75	6.05	5.97
Mar	-0.76	-0.64	-0.58	-0.44	-0.07	0.16	0.47	-1.57	1.24	-1.43
Apr	1.16	1.00	0.95	0.81	0.37	0.15	-0.28	0.96	-1.50	4.11
May	0.78	0.72	0.62	0.50	0.30	0.17	-0.26	1.29	1.84	-0.42
<b>Annual 2005-2014</b>										
2005	-	-	-	-	-	4.49%	2.40%	4.96%	10.45%	13.63%
2006	-	16.53	15.00	13.72	7.59	4.93	4.40	15.79	15.30	26.32
2007	-	7.36	7.14	6.87	5.56	4.87	7.09	5.54	5.49	11.43
2008	-	-31.53	-27.50	-22.77	-5.09	3.75	5.45	-36.99	-38.32	-42.43
2009	-	25.19	22.48	19.14	8.57	2.97	5.99	26.68	34.85	30.04
2010	-	13.89	12.48	10.59	5.74	2.81	6.71	15.06	29.06	7.94
2011	-	-0.96	-0.31	0.41	2.23	2.45	7.89	2.11	-3.38	-11.81
2012	15.85	14.27	12.61	10.42	4.77	1.47	4.29	16.07	18.57	18.62
2013	26.20	23.23	20.16	16.03	6.97	1.89	-1.68	32.45	38.35	22.13
2014	6.37	6.22	5.74	5.06	3.77	2.31	6.73	13.78	7.80	-5.27
<b>2014 Administrative Expenses</b>										
Gross	.042%	.042%	.042%	.042%	.042%	.042%	.042%	.042%	.042%	.042%
Net <sup>1</sup>	.029%	.029%	.029%	.029%	.029%	.029%	.029%	.028%	.029%	.029%
<b>Other Expenses<sup>2</sup></b>										
	.010%	.009%	.008%	.006%	.003%	.000%	.017%	.003%	.020%	.017%

The returns for the TSP funds represent net earnings after the deduction of administrative expenses and, in the cases of the F, C, S, I, and L Funds, after deduction of trading costs and 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.

With the exception of L 2050, the Lifecycle Funds, which are invested in the individual TSP funds—G, F, C, S, and I<sup>3</sup>—were implemented on August 1, 2005. Therefore, their first annual returns are for 2006. Since L 2050 was implemented on January 31, 2011, its first annual returns are for 2012.

<sup>1</sup> Net administrative expenses are the expenses charged to TSP participants per dollar invested in the respective funds after offsetting gross administrative expenses with account forfeitures and loan fees.

<sup>2</sup> Fees associated with securities lending are not included in 2014 administrative expenses. Consistent with standard practice in the industry, they are charged in addition to administrative expenses. The other expenses represent fees paid to the investment manager for administering securities lending programs. Income earned from these programs improved the returns of the funds.

<sup>3</sup> 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; and the International Stock Index Investment (I) Fund