



Thrift Savings Plan HIGHLIGHTS

July 2010

The House The TSP Built

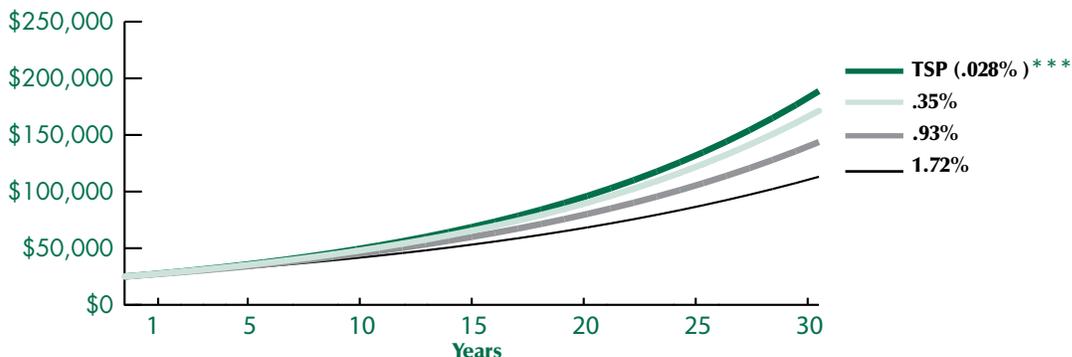
If you were looking for a new place to live, and you found a simple, classic, solidly constructed four-bedroom house in one of the best neighborhoods in town, you'd be interested. But if it were also easy to access on public transportation, close to everything that matters to you, and the rent were lower than your studio apartment, you wouldn't think twice. Looking for the best place to save and invest for your retirement can be a lot like the elusive search for the perfect house at the lowest cost. With the TSP, your search could be over.

Like private sector 401(k) plans, administering the TSP involves many kinds of expenses, and these expenses are passed on to you. But the TSP has built a solid group of investment funds that provide broad diversification, at remarkably low cost. This is one of the reasons record numbers of you have been transferring money into the TSP from IRAs and other eligible employer plans, **and** you're also keeping it in the TSP when you leave Federal service. The TSP is a better, less expensive home for your retirement savings.

TSP expenses are much lower than the industry average. TSP expenses are reported annually as a percentage of the total assets in the plan. The expense ratio in 2009 was .028%. This means that **you paid only 28¢ for every \$1,000 in your TSP account.** To put these costs in perspective, consider that a recent study of fees in defined contribution and 401(k) plans found an average fee of .93% (\$9.30/\$1,000 account balance). In this study, only 10% of plans surveyed had fees of .35% or less (\$3.50/\$1,000 account balance), and 10% of plans surveyed had fees of 1.72% or more (\$17.20/\$1,000 account balance).*

Fees can have a significant effect on your savings potential. The following chart compares the potential growth of retirement savings of \$25,000, given various levels of plan expenses, assuming 30 years until retirement, and an annual return of 7%.**

How Fees Affect Your Retirement Savings



* Deloitte, 2009. "Defined Contribution/401(k) Fee Study." Investment Company Institute.

** This example assumes no new employee or agency contributions over 30 years. Use the "How much will my savings grow?" calculator on the TSP website to get an idea of how your own TSP account would grow over time.

*** The expense ratio for 2009 only — this expense ratio will vary and could increase in the future.

(Continued on back)

MY ACCOUNT

TSP Account Number

OR

User ID

Forgot your account number or user ID? [Log In](#)

Be on the lookout for the new TSP website.

Soon, when you log into the TSP website, you will see a whole new look. But the changes will be more than cosmetic — you will have faster and easier access to the information you need to manage your TSP account.

The new TSP website will be much easier to navigate from the home page. The layout will provide quick access to your account — you'll be able to log in right from the home page. The home page will display a reminder that you are logged into your account, and once in, you will see the date of your last login. You'll be able to quickly access descriptions of plan features, investment fund information, planning calculators, current limits and rates, and current news about the plan. Home page categories will be easy to use and intuitive, and each section will have a left-side navigation menu that will allow you to see the contents of the whole section at a glance. What you're looking for may be only one click away.

We are working hard to bring you a state-of-the-art tool for managing your retirement savings. Stay tuned as the excitement unfolds!



The House The TSP Built *(Continued from front)*

The account with fees equivalent to the TSP's 2009 expense ratio grew to \$188,818, while the account subject to the highest fees grew to only \$117,035 after 30 years, a difference of \$71,783! High fees erode the purchasing power of your savings and could mean you would need to work and save longer.

Why are TSP expenses so low? The assets of the F, C, S, and I Funds are index funds, or "passively managed" funds. The securities held in each of these TSP funds mirror a broad index and attempt to duplicate (rather than beat) the performance of the market. Index funds are much cheaper than funds that are actively managed because securities are bought and sold less often, and because they require less research. Additionally, because the TSP serves 4.3 million participants, our expenses are shared among a very large population. TSP expenses are further reduced by non-vested monies that have been forfeited to the plan, other forfeitures, and loan fees.

Should you make a move? It is important to check to see what you are paying to keep your money in IRAs or other retirement plans. Fees can be chipping away at your savings and limiting the growth of your investments. If you are an active Federal employee and contributing money to other savings vehicles that cannot be transferred to the TSP, you might want to consider decreasing the amount you contribute to such accounts and increasing the amount you contribute to the TSP. This is particularly important if you are a FERS employee and you are not saving enough to get the full agency match.

The TSP will accept eligible rollover distributions from traditional IRAs, SIMPLE IRAs, and other eligible employer plans such as 401(k) or 403(b) plans. If you are interested in transferring money into your TSP account, complete Form TSP-60, Request for a Transfer into the TSP (TSP-U-60 for uniformed services). This form is available on the TSP website or by contacting the TSP. Read the instructions on the form to find out whether the money you want to transfer is an eligible rollover distribution, and whether your plan is eligible.



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
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

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.

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.

