



Thrift Savings Plan HIGHLIGHTS

January/February 2011



If you received this leaflet in the mail last fall, you were a FERS participant not contributing your own money to your TSP account. Congratulations to the 25,000 of you who have joined the ranks of TSP savers.

If you have not begun to contribute, don't forget that you can contribute a small dollar amount—even as low as \$1 per pay period and your agency will match it. When you have more to save, you can increase your contributions. Plus, you can stop your contributions at any time if your financial situation changes.

Sign up using your agency's electronic payroll system, or fill out Form TSP-1 and take it to your personnel or payroll office.

Remember—you can only sign up through your agency because the contributions come out of your paycheck.



TSP Lifetime Payment

Your annual participant statement now shows you what your *year-end* TSP account balance would draw in a monthly amount at age 62* (your estimated TSP Lifetime Payment). This is the amount you would receive assuming you purchased the annuity with your 12/31/2010 balance and you were age 62 (if you're older than 62, we used your age as of 12/31/2010). We calculated the amount using your account balance and the single life annuity rates in effect on December 31, 2010.** Why are we showing you this estimated value? Because for most of us, our TSP account balance will be a major component of our retirement income. We should think of this amount as not just a balance, but as the source of a series of monthly payments throughout our retirement years. Keep in mind that the estimated TSP Lifetime Payment is a snapshot; it does not project the **growth** of your account over the years or the effect of future contributions to your account. So, if your TSP Lifetime Payment amount isn't what you want it to be, you can make a difference, just like the participants in the following examples.

Federal Employees' Retirement System (FERS) participants. The TSP is a critical component of your retirement plan. When you save at least 5%, you get the full agency match. When you save even more, your account can grow substantially over time, like Sally's.

Sally, 35, a FERS contributor with matching contributions

TSP account balance:	\$47,862
Estimated TSP monthly lifetime payment:	\$250

Sally is covered by FERS and has contributed 3% of her basic pay for 10 years. If she increases her savings rate to 10% of her \$50,000 basic pay for 27 years, at age 62:

Her TSP account could grow to:***	\$914,210
Estimated TSP monthly lifetime payment:	\$4,688

Sam, 28, a uniformed services contributor without matching contributions

TSP account balance:	\$37,431
Estimated TSP monthly lifetime payment:	\$192

Sam has contributed \$100 to his TSP account each monthly pay period since he enlisted at age 18. He received a \$10,000 bonus, which he put into his TSP account. He plans to serve for 10 more years and will receive another bonus, which he will put into his account. Then, he plans to leave his money in the TSP until age 62. If he increases his monthly contribution to \$150 for the next 10 years, at age 62:

His TSP account could grow to:***	\$530,624
Estimated TSP monthly lifetime payment:	\$2,721

Uniformed services or Civil Service Retirement System (CSRS) participants. Even though you don't receive matching contributions, regularly contributing to your TSP account can build a respectable nest egg over time. Like Sam, if you increase your contributions (and save your incentive, special, and bonus pay if you are a uniformed services member), your TSP monthly lifetime payment may grow to substantially more than the one currently shown on your statement.

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* As long as you have at least \$20,000 in your TSP account and you aren't now withdrawing from it.

** The December 2010 annuity interest rate index was 2.625%.

*** Account projection used the December 2010 annuity rate and 7% annual rate of return.

Separated, retired, and beneficiary participants.

Even though you are not contributing to your TSP account, you can still grow the amount of your estimated TSP monthly lifetime payment by transferring in or rolling over money from IRAs and other eligible employer plans into your TSP account. Upon examination of your TSP investment allocation, you may determine that a change in allocation might be appropriate. Anne used both approaches.

Estimate how much your account could grow.

What you need to save for retirement depends on your age, your retirement system, your other investments, and your life's circumstances. The TSP is an essential component of a FERS retirement and a supplement to the CSRS annuity and uniformed service retired pay. Plus, your TSP account is entirely portable. Finally, for participants who can no longer contribute, the TSP is a high quality and low cost investment vehicle. To estimate your monthly lifetime payments, visit the TSP website and use the How Much Will My Savings Grow? calculator; then, use the Annuity or Monthly Payment calculator. 

Anne, 55, a participant who is separated from Federal service

TSP account balance: **\$224,000**
Estimated TSP monthly lifetime payment: **\$1,149**

Anne is planning to start withdrawing from her account in 7 years. She had \$110,000 saved in another employer's 401(k) plan, but after she discovered that her other plan had much higher administrative and investment costs than the TSP, she transferred that balance to her TSP account. She also moved her entire TSP account from the G Fund to the Lifecycle (L) 2020 Fund, where she has the chance of earning a higher rate of return, with the appropriate amount of risk. With these changes:

Her TSP account could grow to:*** **\$544,418**
Estimated TSP monthly lifetime payment: **\$2,792**

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
Sept	7.76	6.77	5.54	2.00	2.00	0.17	0.17	8.92	11.47	9.81
Oct	3.16	2.78	2.29	0.92	0.92	0.18	0.36	3.80	4.48	3.63
Nov	-0.64	-0.56	-0.49	-0.05	-0.05	0.17	-0.57	0.01	3.00	-4.84
Dec	5.67	4.96	4.08	1.49	1.49	0.20	-1.05	6.68	7.38	8.12
Annual 2001 – 2010										
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
2010	13.89	12.48	10.59	5.65	5.74	2.81	6.71	15.06	29.06	7.94

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 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.

* The L 2010 Fund was retired on December 31, 2010.

** 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

