



THRIFT
SAVINGS
PLAN

As of July 23, 2008

TSP Overview

- ✓ Introduction
- ✓ TSP Benefits
- ✓ Contribution rules
- ✓ Portability
- ✓ Participant resources

TSP Overview

- ✓ Investment options
- ✓ Loan program
- ✓ In-service withdrawals
- ✓ Post-service withdrawals
- ✓ Death benefits

TSP Tax Benefits

- ◆ All participants receive a Federal tax deferral on contributions made to the TSP
- ◆ Contributions are deducted from pay before Federal taxes are withheld
- ◆ Federal taxes are computed and withheld from the reduced salary
- ◆ Participants defer taxes on the TSP account until a withdrawal of the account is made
- ◆ Tax deferral of TSP is determined by each State or County

Example:

Bi-weekly basic pay	\$1,361.00
TSP election	$\times \quad 10\%$
TSP deduction:	\$ 136.10

Basis for Federal tax withholding:

	\$1,361.00
	$- \quad 136.10$
Taxable income	\$1,224.90

Annual Income Earned: \$35,386.00

Annual TSP contributions: \$ 3,538.60

Taxable Income: \$31,847.40

Retirement Savings Contributions Credit

Adjusted Gross Income

Married filing joint	Head of household	All other filers	Credit (max per person)
\$1-\$32,000	\$1-\$24,000	\$1-\$16,000	50% of contributions (\$1000)
\$32,001- \$34,500	\$24,001- \$25,875	\$16,001- \$17,250	20% of contributions (\$400)
\$32,501- \$53,000	\$25,876 \$39,750	\$17,251- \$26,500	10% of contributions (\$200)
Over \$53,000	Over \$39,750	Over \$26,500	Credit not available

Retirement Savings Contribution Credit

- ◆ The tax credit reduces the amount of taxes owed
- ◆ The amount of the reduction is based on:
 - the amount of taxes owed
 - the income bracket the participant falls under, and
 - The participant contributing to a plan like the TSP, or a tax-deductible IRA
- ◆ Maximum reduction is the amount owed or the credit, but not more than \$1,000 per saver
- ◆ Information regarding the credit can be obtained from the IRS at <http://www.irs.gov>

Same married employee from previous page, sole wage earner in household

Annual Income Earned: \$35,386.00
(Not eligible for the maximum tax credit based on taxable income earned)

If employee contributes 10% to the TSP:

Annual TSP contributions: \$3,538.60

Taxable Income: \$31,847.40
(Now eligible for the maximum tax credit!)

Federal taxes owed between \$1 and \$1,000.00 will be reduced.

For example, if the participant owed \$500 in taxes, the \$500 tax liability would be eliminated; if the participant owed \$2,000 in taxes then he would owe \$1,000 after the credit is applied

TSP Contribution Rules

FERS

◆ Employee Contributions

- Elections to start, change, and stop contributions can be made at any time
- Immediately eligible upon hire/rehire
- Any dollar amount or percentage up to IRS limit (\$15,500 for 2008)
- Always vested

When eligible for agency contributions:

◆ Agency Automatic (1%) Contributions

- Subject to vesting
- Not based on Employee Contributions

◆ Agency Matching Contributions

- Based on first 5% of Employee Contributions
- 4% maximum
 - \$1/\$1 for 1st 3%
 - 50¢/\$1 for next 2%
- Always vested

TSP Contribution Rules

CSRS

◆ Employee Contributions

- Elections to start, change, and stop contributions can be made at any time
- Immediately eligible upon rehire to contribute
- Any dollar amount or percentage up to IRS elective deferral limit (\$15,500 for 2008)
- Always vested

◆ No Agency Contributions

Over 50 Catch-Up Contributions

- ◆ The catch-up contributions are tax-deferred but do not count toward the IRS elective deferral limit (\$15,500 for 2008)
- ◆ To become eligible for the catch-up a participant must:
 - Be age 50 or older, or will turn age 50 in the calendar year the contribution is deducted from pay
 - Not be in the 6 month termination period because of a TSP financial hardship in-service withdrawal

Over 50 Catch-Up Contributions

- ◆ The election is by dollar amount using Form TSP-1-C or agency electronic submission (\$5,000 limit for 2008)
- ◆ Catch-up contributions are made through payroll deduction only and are not matched
- ◆ Elections to start, change, and stop contributions can be made at any time

Over 50 Catch-Up Contributions

- ◆ Catch-up contributions will not continue into the next calendar year. A new election must be submitted for each calendar year when the participant is ready to begin catch-up contributions
- ◆ The participant will elect the whole dollar amount he/she wants deducted from pay. Once effective, payroll will deduct the dollar amount each pay period until:
 - The end of the calendar year; or
 - The annual limit for the catch-up is reached; or
 - A new Form TSP-1-C is submitted to stop or change the contributions: or
 - The participant receives a financial hardship in-service withdrawal; all employee contributions are terminated for six months
- ◆ The election is effective the first full pay period after receipt by the agency

TSP Transfers and Rollovers

- ◆ Active or separated participants may transfer or rollover into the TSP money from:
 - Eligible employer plans under the I.R.C.
 - e.g. 401(k), 403(a), 403(b) or 457(b) governmental plans
 - Traditional and SIMPLE individual retirement accounts or annuities (IRAs) under section 408(a) or 408(b) of the I.R.C.
 - does not include Roth or education IRAs
- ◆ Participant submits Form TSP-60 available from the TSP Web site. Participant certifies the amount transferred or rolled over includes tax-deductible/deferred amounts
- ◆ The amount transferred or rolled over into the TSP account is allocated according to the current contribution allocation on file
- ◆ The amount will be reflected as employee contributions in the account after it has been valued by the TSP

Search Tips

THRIFT SAVINGS PLAN



What's New

- 2nd Quarter Participant Statements are Available on the Web
- Custom User IDs Are Here
- New Interfund Transfer Rule
- New Look to the TSP Account Access Page
- 2008 Contribution Limits



Calculators



Lifecycle Funds



Account Access



Returns, Share Prices, & Fund Sheets

TSP Features
Forms & Publications
Info for TSP Representatives

Civilian

-
-
-

Uniformed Services

-
-
-



Get E-mail Updates
Special Interests

-
-



Participant Statements & Highlights

The TSP is a retirement savings plan for civilians who are employed by the United States Government and members of the uniformed services. [The Federal Retirement Thrift Investment Board](#), administers the Thrift Savings Plan (TSP). The Web site <http://www.frtib.gov>, provides information about the FRTIB electronic reading room, procurements, and employment opportunities.

NOTE: Our documents are best viewed with [Microsoft Internet Explorer 5.0 or higher](#), [Netscape Navigator 4.78 or higher](#), [Firefox 1.5 or higher](#), [Mozilla 1.7 or higher](#) or [Safari 1.2 or higher](#). It uses [JavaScript](#), [PDFs](#), [Flash](#), tables, and frames which may not display correctly on older browsers. It also uses [Secure Sockets Layer \(SSL\)](#) and [128-bit encryption](#) for accessing personal account information. Older browsers generally cannot support the security features needed to view personal account information and, in some cases, have been known to cause distortion of the information on the screen.

TSP Web Site – www.tsp.gov



Account Access

- View your account balance and your participant statements
- Change your contribution allocation
- Request an interfund transfer
- Find out how much you can borrow
- Request a loan or withdrawal
- Review your loan balance and prepayment information or reamortize your loan
- Change or request a Web password
- See your most recent transactions
- View your IRS Form 1099-R



Returns, Share Prices, & Fund Sheets

- View current and historical rates of return
- View the returns for the related indexes
- View the daily and historical share prices
- Review the fund information sheets
- See a comparison of the TSP funds
- View the TSP's expense ratios



Calculators

- See the growth of your existing account balance and future contributions
- Estimate loan payments
- Estimate annuity payments
- Estimate monthly payments
- Check out contribution limits
- See how much you need for retirement



What's New

- See what's new on the Web site
- Read Plan News
- Check Current Information
- View press releases
- Learn about Account Access outages



Participant Statements & Highlights

- View your participant statements
- Change how you receive your future statements (on the Web or in the mail)
- Learn how to read your participant statement
- Link to the newsletter *TSP Highlights*

Other Important Web Resources

- Obtain forms and publications
- Learn about plan rules (through TSP Features)
- Find information for TSP Representatives
- Obtain information about the L Funds
- Find information with Search function
- Request e-mail about Web updates

ThriftLine

1-TSP-YOU-FRST*
(1-877-968-3778)

MAIN MENU

1
Account Information and Transactions

2
Plan Information

3
All Other Inquiries

Plan Information Menu

- 1** Share Prices
- 2** Rates of Return
- 3** Current Loan Interest Rate
- 4** Current Annuity Interest Rate Index
- 5** Plan News
- 6** Fax Back Materials Request

Security

Enter TSP account number and **2**

Enter PIN and **2**,** or to request a PIN, press **1** and **6**

Account Menu

- 1** Account Balance
- 2** Contribution Allocations
- 3** Interfund Transfers
- 4** Loans
- 5** Withdrawals
- 6** PIN Change
- 7** Mailed TSP Materials
- 8** Mailed Statements

* Outside U.S. and Canada: Call (404) 233-4400 (not toll free).

** If you have both a civilian and a uniformed services account, you will be taken to the account that is specific to the PIN you entered. If you have customized your PIN to be the same for both accounts, you will be asked which account you wish to access.

TSPLF09 (1/2008)

TSP Elections

- ◆ Elections to contribute
 - Election to contribute is submitted to agency only. TSP cannot process elections to deduct from pay
 - Form TSP-1 or TSP-U-1 used by employees to elect to contribute (electronic versions can also be used – Employee Self-Service, PostalEase, MyPay, Best, EBIS, etc.)
 - Participants may elect to start, change, or stop contributions at any time
 - The election is effective the first full pay period after receipt by the agency
 - Over 50 catch-up election is a separate TSP election

Contribution Allocations

- ◆ Contribution allocations allow participants to invest future contributions deposited into their TSP account each pay date
- ◆ The first contribution made for new participants will be invested in the G Fund until a contribution allocation is made
 - Once the new account is established, the participant will receive an account number, PIN, and password in three separate mailings
 - The TSP PIN and password will allow the participant to make or change their contribution allocation via the web or telephone
 - The new account letter will also include a form (TSP-50 or TSP-U-50) for making contribution allocations by mail
- ◆ Once a TSP account is established, participants can allocate any portion (in 1% increments) of future contributions among the TSP funds

Contribution Allocations

- ◆ For FERS participants, the contribution allocation will apply to their own contributions and to their Agency Automatic (1%) and Matching Contributions
- ◆ The most efficient ways to make a contribution allocation are through the ThriftLine, Web site or by telephoning the TSP
- ◆ Contribution allocation elections made by using Form TSP-50, Investment Allocation, which must be mailed to the TSP
- ◆ Contribution allocation requests received and processed by 12 noon eastern time (ET) on a business day will generally be processed that night; requests processed after the cutoff time are generally effective at the end of the following business day

Interfund Transfers

- ◆ Interfund transfers allow participants to redistribute their account balance among the TSP funds
- ◆ The most efficient ways to make an interfund transfer are through the ThriftLine, Web site or by telephoning the TSP
- ◆ Interfund transfer requests made by using Form TSP-50, Investment Allocation, which must be mailed to the TSP
- ◆ Interfund transfer requests received and processed by 12:00 noon eastern time (ET) on a business day will generally be processed that night; requests processed after the cutoff time are generally effective at the end of the following business day

Interfund Transfer Rule

- ◆ The Board amended the interfund transfer regulations to set a limit on the number of interfund transfer requests a participant is permitted to request
- ◆ The Board has a fiduciary duty to manage the TSP prudently and must respond to abusive and costly investment activity (5 U.S.C. 8477(b))
- ◆ Excessive trading by about 3,000 TSP participants has almost tripled the trading transaction cost (paid by all participants) over the past two years for the I Fund alone
- ◆ RULE: Beginning May 1, 2008, for each calendar month, the *first two* interfund transfers can redistribute money in a participant's account among any or all of the TSP funds. After that, for the remainder of the month, IFTs can *only* move money into the G Fund

Contribution Allocation or Interfund Transfer?

When you want to “change” your investments, make sure you make the correct investment election!

Contribution Allocation

- Allocates future contributions and loan payments until superseded by new allocation election
- ThriftLine, Web site or telephone request with TSP
- Column 1 of Form TSP-50 or TSP-U-50
- Change in allocation is generally effective as of close of business each day based on 12 noon ET cutoff
- Confirmation via web site or mail

IFT

- One-time transaction; account balance remains as invested until participant makes another interfund transfer
- ThriftLine, Web site or telephone request with TSP
- Column 2 of Form TSP-50 or TSP-U-50
- Change in account balance distribution is generally effective as of close of business each day based on 12 noon ET cutoff
- Confirmation via web site or mail

The 10 TSP Investment Funds

- ◆ Government Securities Investment Fund
(G Fund)
- ◆ Fixed Income Index Investment Fund
(F Fund)
- ◆ Common Stock Index Investment Fund
(C Fund)
- ◆ U.S. Small-capitalization Stock Index Investment Fund
(S Fund)
- ◆ International Stock Index Investment Fund
(I Fund)
- ◆ *Lifecycle Investment Funds*
(Five L Funds)


**THRIFT SAVINGS PLAN
FACT SHEET**
TSP Funds Annual and Monthly Returns
July 1, 2008

	L 2040	L 2030	L 2020	L 2010	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
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%
2007										
July	(2.52%)	(2.13%)	(1.75%)	(0.92%)	(0.23%)	0.50%	0.80%	(3.10%)	(4.57%)	(2.39%)
Aug	0.90	0.88	0.80	0.73	0.61	0.33	1.23	1.54	1.38	(0.71)
Sept	3.45	3.09	2.68	1.78	1.13	0.41	0.78	3.76	2.97	5.36
Oct	2.37	2.09	1.84	1.29	0.82	0.41	0.86	1.58	2.83	4.49
Nov	(3.36)	(2.94)	(2.33)	(1.21)	(0.44)	0.33	1.88	(4.20)	(5.65)	(3.72)
Dec	(0.82)	(0.63)	(0.54)	(0.13)	0.07	0.41	0.25	(0.66)	(0.40)	(2.25)
2008										
Jan	(5.37)	(4.71)	(3.90)	(2.07)	(0.97)	0.33	1.76	(5.98)	(6.27)	(8.52)
Feb	(1.80)	(1.51)	(1.25)	(0.59)	(0.22)	0.24	0.16	(3.28)	(2.05)	(0.66)
Mar	(0.29)	(0.18)	(0.06)	0.07	0.23	0.32	0.33	(0.46)	(1.43)	0.18
Apr	4.26	3.74	3.23	1.93	1.20	0.24	(0.16)	4.94	5.30	5.55
May	1.65	1.48	1.23	0.78	0.59	0.32	(0.74)	1.27	4.88	1.09
June	(6.70)	(5.88)	(4.97)	(2.65)	(1.47)	0.32	(0.08)	(8.41)	(7.63)	(8.15)
Last 12 Months	(8.54%)	(6.97%)	(5.26%)	(1.12%)	1.29%	4.25%	7.28%	(13.05%)	(11.14%)	(10.42%)

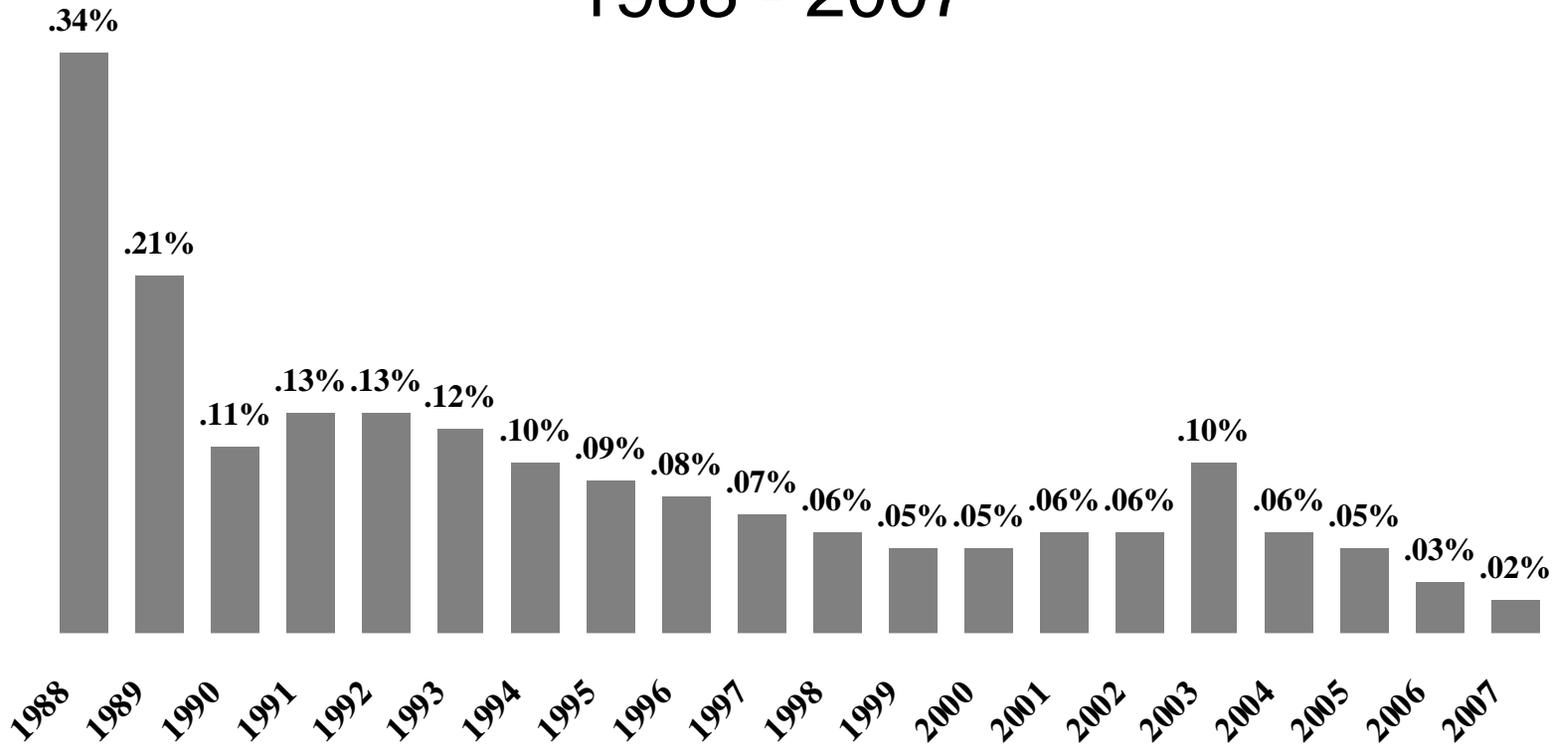
Percentages in () are negative

Returns represent earnings after deduction of accrued administrative expenses, and, in the cases of the F, C, S, I, and L Funds, after trading costs and accrued investment management fees. Future performance of the funds may be significantly different. See the TSP Fund Sheets on the TSP Web site (www.tsp.gov) for additional information.

The Government Securities Investment (G) Fund is invested in special issues of U.S. Treasury securities. The Fixed Income Index Investment (F) Fund is invested in the Barclays U.S. Debt Index Fund, which tracks the Lehman Brothers U.S. Aggregate bond index. The Common Stock Index Investment (C) Fund is invested in the Barclays Equity Index Fund, which tracks the S&P 500 stock index. The Small Capitalization Stock Index Investment (S) Fund is invested in the Barclays Extended Market Index Fund, which tracks the Dow Jones Wilshire 4500 Completion stock index. The International Stock Index Investment (I) Fund is invested in the Barclays EAFE Index Fund, which tracks the EAFE (Europe, Australasia, Far East) stock index.

The L Funds are invested in the individual TSP funds (G, F, C, S, and I). The L Funds were implemented on August 1, 2005.

Thrift Savings Fund Expense Ratio 1988 - 2007



G Fund

- ◆ Invested in nonmarketable U.S. Treasury Securities with 1 to 4 day maturities
- ◆ Rate is set once a month by the Treasury Department
- ◆ Rate based on closing market prices of all Treasury securities with 4 or more years to maturity
- ◆ No risk of loss (negative returns) in G Fund
- ◆ Share price increases when all of the G Fund Shares can increase in value by .01¢ or more
- ◆ Managed in-house by the Board



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
 1250 H Street, NW Washington, DC 20005

THRIFT SAVINGS PLAN FACT SHEET

Monthly G Fund Interest Rates

July 1, 2008

The following are monthly G Fund interest rates from January 1999 to the present, stated as annual rates. These rates are calculated based on the statutory formula. They do not reflect actual G Fund returns to participant accounts.

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
JANUARY	5.000	6.625	5.375	5.250	4.000	4.250	4.250	4.500	4.750	4.000
FEBRUARY	5.000	6.750	5.375	5.250	4.125	4.125	4.125	4.625	4.875	3.500
MARCH	5.625	6.500	5.250	5.125	3.875	4.000	4.375	4.625	4.625	3.375
APRIL	5.625	6.250	5.250	5.625	4.000	3.875	4.500	5.000	4.750	3.375
MAY	5.625	6.375	5.500	5.250	4.000	4.500	4.250	5.125	4.625	3.750
JUNE	6.000	6.500	5.625	5.250	3.500	4.625	4.125	5.125	5.000	4.000
JULY	6.125	6.250	5.625	5.000	3.500	4.625	4.000	5.250	5.000	3.875
AUGUST	6.250	6.125	5.250	4.750	3.500	4.500	4.375	5.000	4.750	
SEPTEMBER	6.250	6.000	5.125	4.375	3.500	4.125	4.125	4.750	4.500	
OCTOBER	6.250	6.000	4.875	3.875	4.000	4.125	4.375	4.750	4.500	
NOVEMBER	6.250	5.875	4.500	4.125	4.375	4.125	4.625	4.625	4.500	
DECEMBER	6.375	5.625	5.000	4.500	4.375	4.375	4.625	4.500	4.000	

F Fund

- ◆ Tracks the Lehman Brothers U.S. Aggregate (LBA) bond index
- ◆ LBA index represents sectors of the U.S. bond markets
 - U.S. Government: U.S. Treasury and Agencies
 - Corporate
 - Mortgage-backed securities
 - Foreign Government

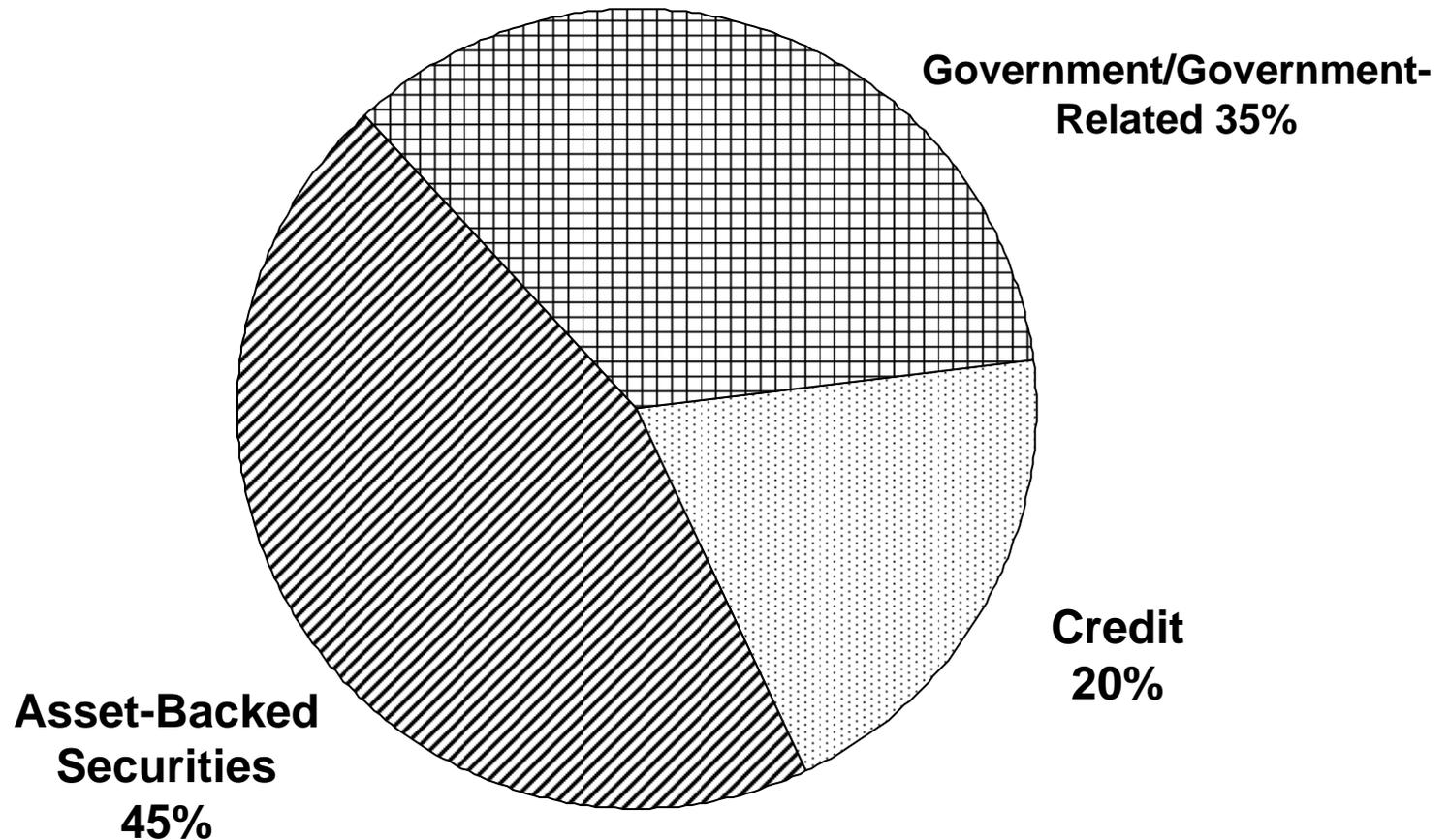
F Fund

- ◆ Managed by Barclays Global Investors in the Barclays U.S. debt index
- ◆ LBA index values can be found in the Money and Investing section of the *Wall Street Journal*
 - LBA index values are preliminary
(as of time the WSJ is sent for printing)
- ◆ LBA information and values can be found on the Lehman Brothers web site at www.lehman.com

LBA Bond Index

Bond Market Sectors

December 31, 2007



C FUND

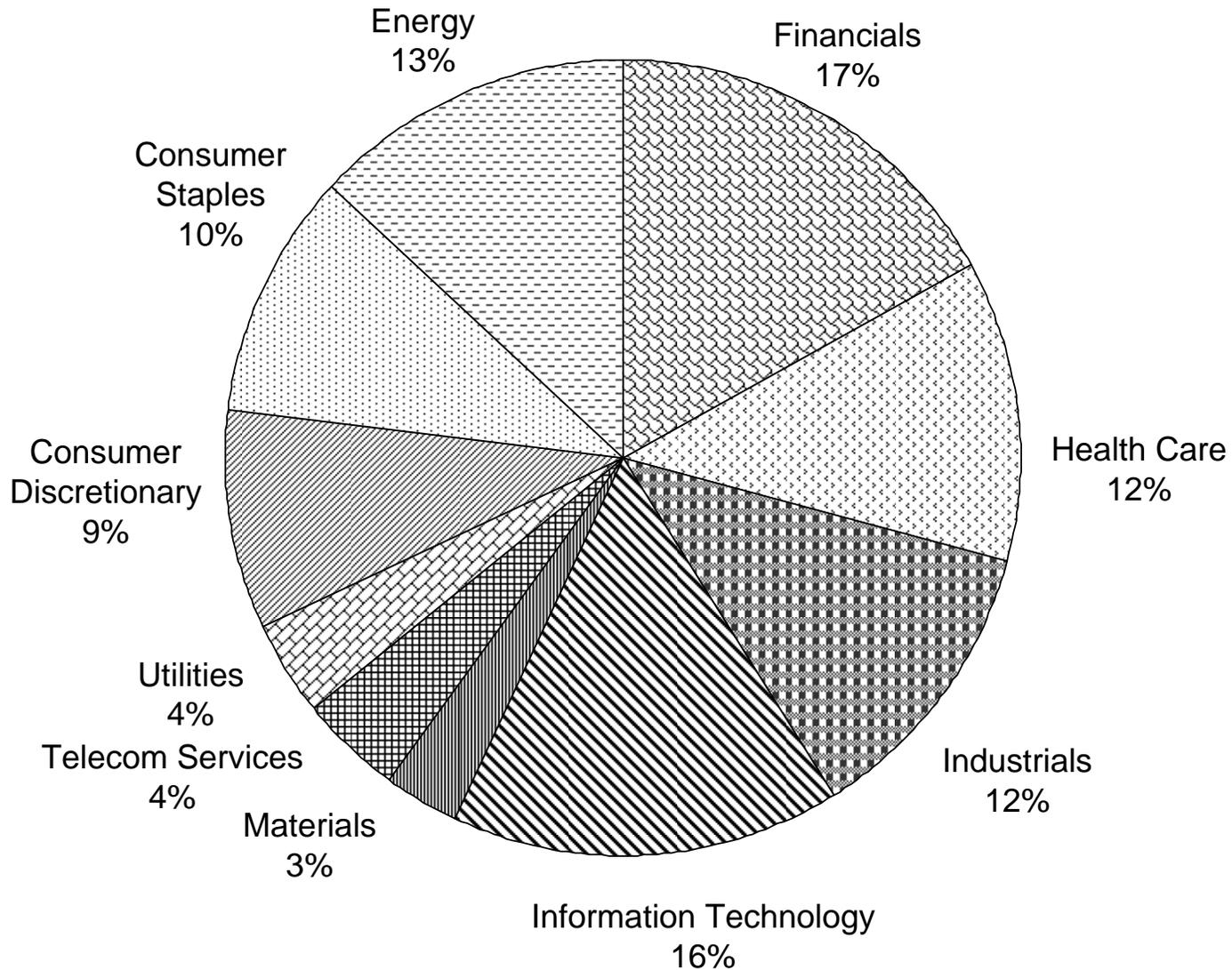
- ◆ Replicates the Standard & Poor's (S&P) 500 stock index
- ◆ S&P 500 index contains common stocks of 500 companies that represent the U.S. stock markets
- ◆ The total dollar value of the stocks in the S&P 500 makes up approximately 75% of the value of the U.S. stock markets

C FUND

- ◆ Managed by Barclays Global Investors in the Barclays equity index fund
- ◆ S&P 500 index information and values can be found at www.spglobal.com

S&P 500 Index

Percentage of Market Capitalization by Major Industry Groups
December 31, 2007



S FUND

- ◆ Tracks the Dow Jones Wilshire (DJW) 4500 completion index
- ◆ DJW 4500 completion index contains all common stocks (except those in the S&P 500 index) actively traded in the U.S. stock markets on a daily basis
- ◆ The total dollar value of the stocks in the DJW 4500 makes up approximately 25% of the value of the U.S. stock markets
- ◆ Managed by Barclays Global Investors

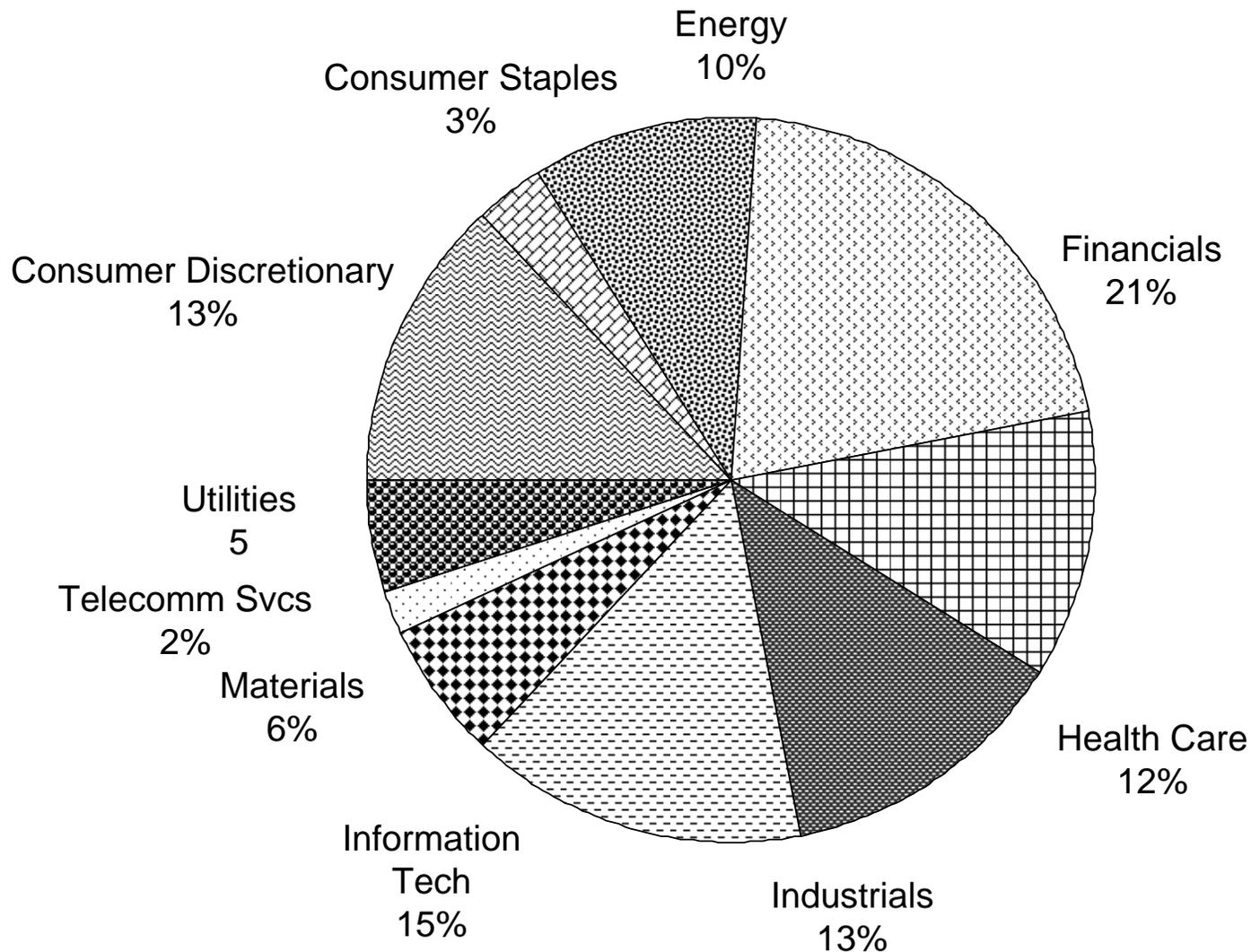
S FUND

- ◆ Managed by Barclays Global Investors and invested in the Barclays extended market index fund
- ◆ DJW 4500 index information and values can be found at www.wilshire.com or www.djindexes.com

Dow Jones Wilshire 4500 Completion Index

Major Industry Groups

December 31, 2007



I FUND

- ◆ Replicates the Morgan Stanley's Europe, Australasia, and Far East (EAFE) stock index
- ◆ EAFE contains stocks that cover approximately 85% of the stock markets of the 21 countries included in the index
- ◆ EAFE contains approximately 1,211 stocks that best represent each of the 21 stock markets

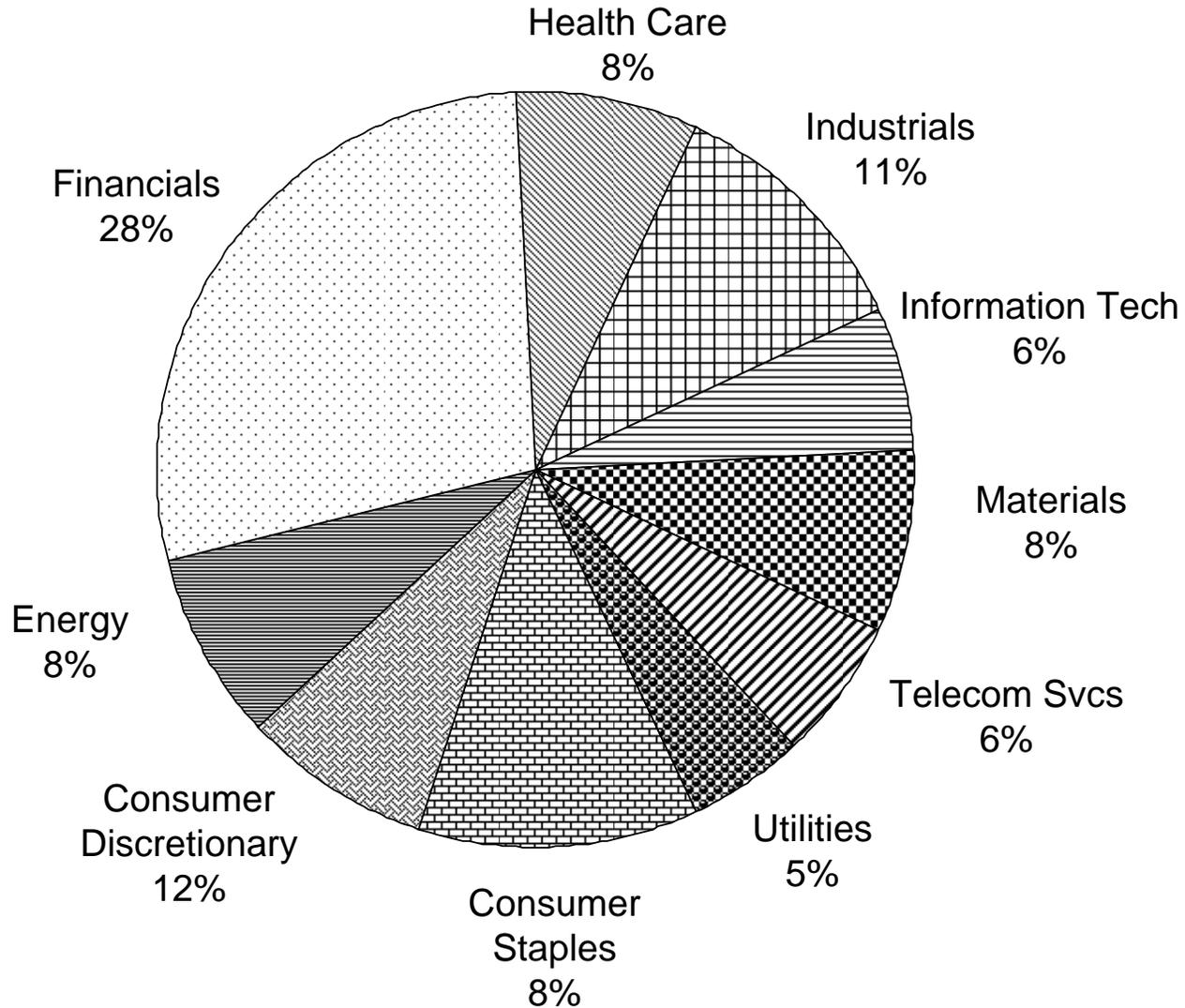
I FUND

- ◆ Managed by Barclays Global Investors and invested in the Barclays EAFE index fund
- ◆ EAFE information and values can be found at www.msctibarra.com

EAFE Index

Economic Sectors

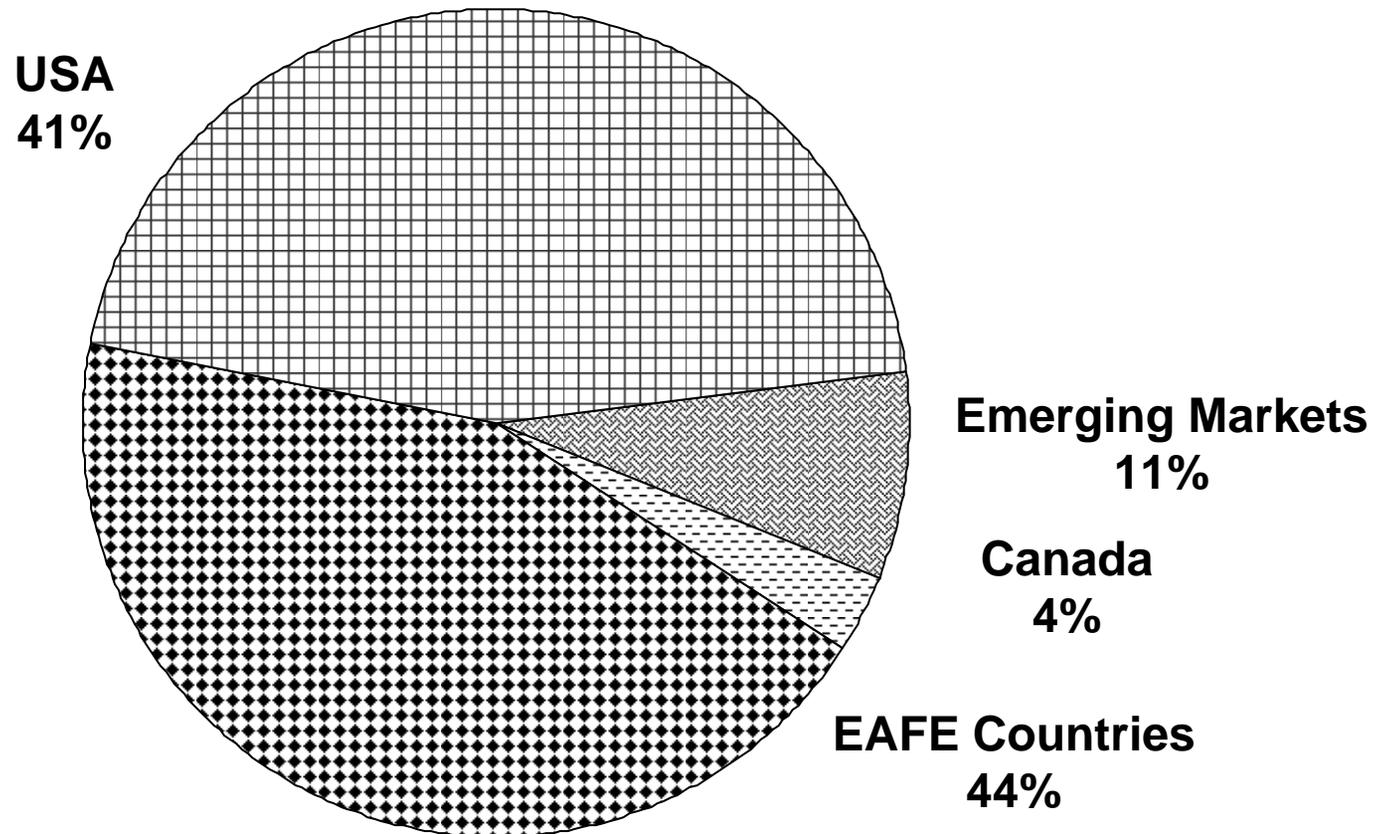
December 31, 2005



World Stock Markets

Allocation of Stock Market Value

November 30, 2007



G Fund, LBA, S&P 500, Dow Jones Wilshire 4500, EAFE, and Inflation Growth of \$100 1987 - 2007



TSP L Funds

- ◆ August 1, 2005, the TSP began offering the Lifecycle (L) Funds to plan participants
- ◆ The L Funds are based on time horizon; the years 2040, 2030, 2020, 2010, or Today
- ◆ The L Funds are geared toward participants who do not have the time, interest, or feel comfortable making active investment decisions among the TSP funds
- ◆ The investment mix among the TSP funds will differ based on the lifecycle selected; the “time horizon” with the longest investment term (e.g. L 2040) will initially have a greater investment among the TSP stock funds compared to a time horizon with a shorter investment term (e.g. L 2010)
- ◆ Investment in the L Funds does not protect the participant from investment losses

TSP L Funds Allocation Schedules

- ◆ The allocation schedules
 - Are set at the beginning for each Lifecycle Fund
 - Change at regular intervals (each quarter)
 - Are reviewed annually
- ◆ Each L Fund will generally be rebalanced each business day to that fund's set investment mix

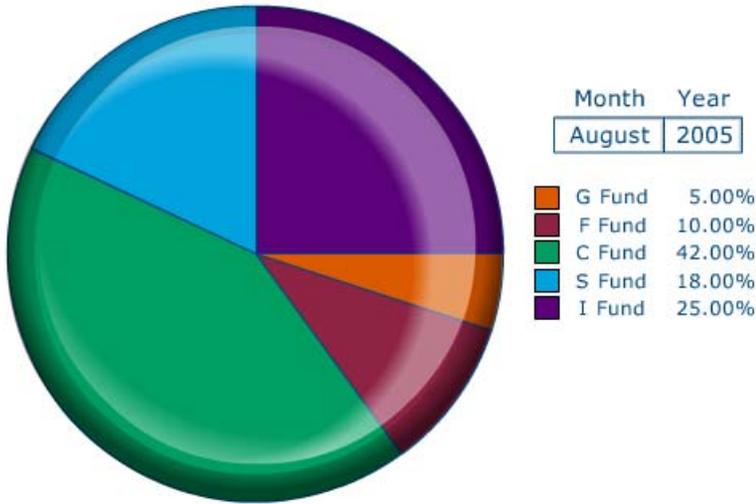
TSP L Funds

- ◆ The five Lifecycle Funds
 - L 2040 Fund
 - Time horizon 2035 and later
 - L 2030 Fund
 - Time horizon 2025 through 2034
 - L 2020 Fund
 - Time horizon 2015 through 2024
 - L 2010 Fund
 - Time horizon 2008 through 2014
 - L Income Fund
 - For those already or within 1 year of withdrawing their account

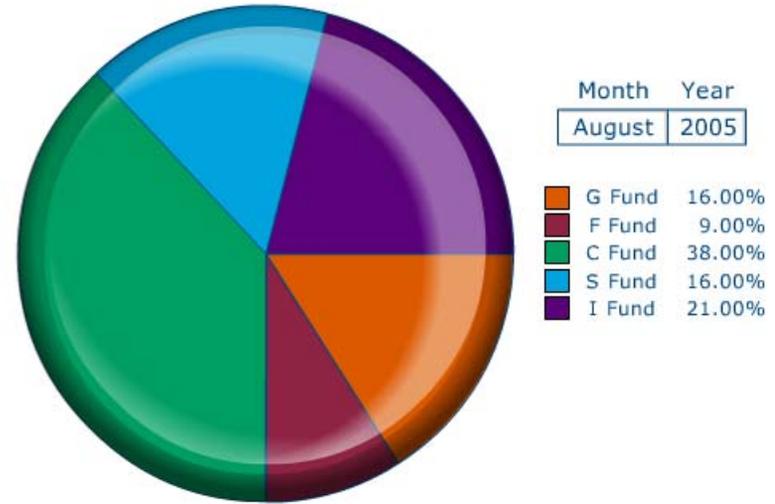
- ◆ In the year 2010, the L 2010 Fund will be incorporated into the L Income Fund, at that time the L 2050 Fund will be established

Initial L Funds Investment Allocation

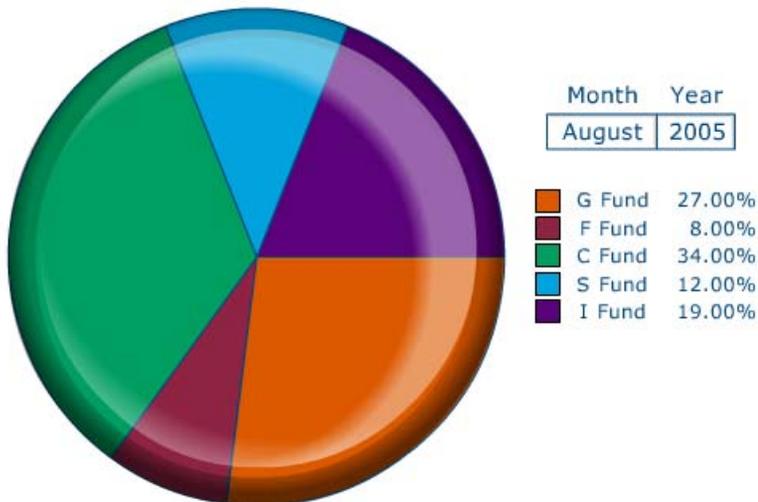
L 2040



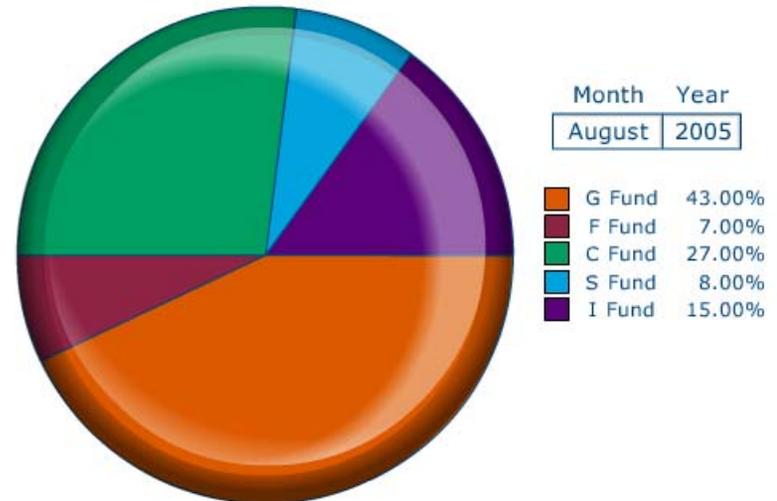
L 2030



L 2020

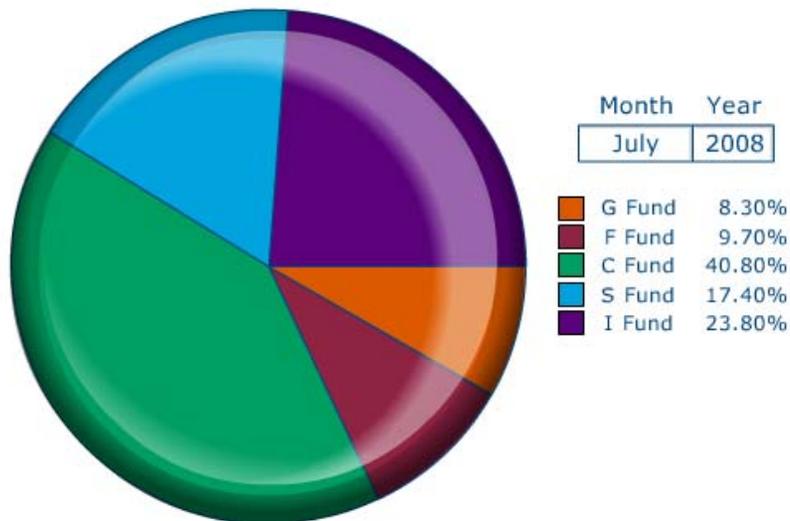


L 2010

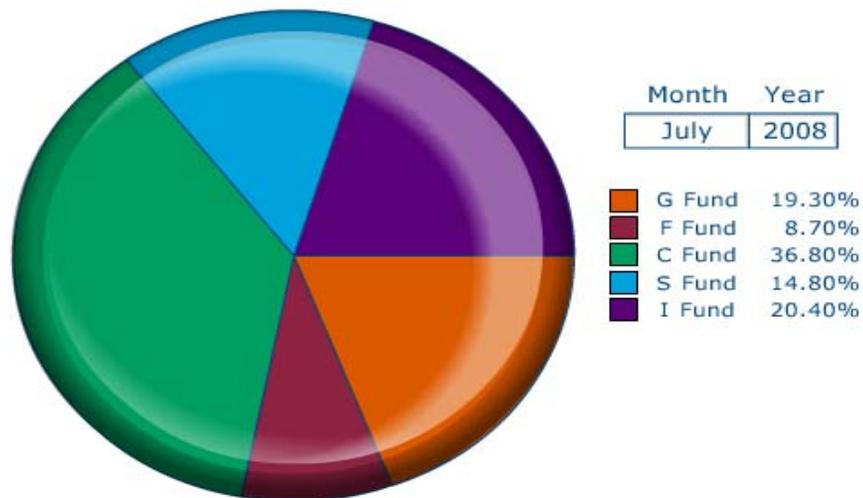


L Funds Investment Allocation

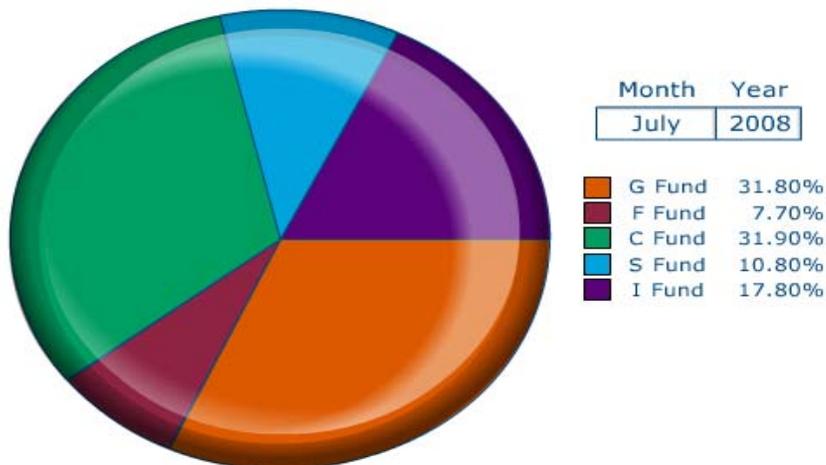
L 2040



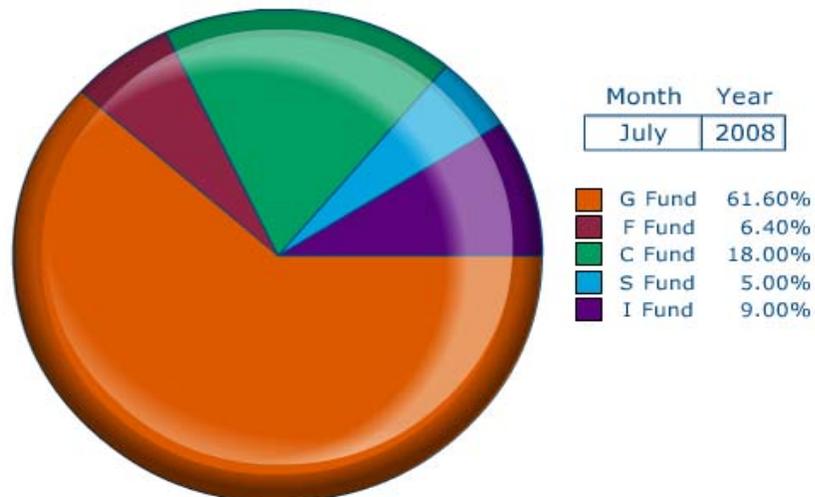
L 2030



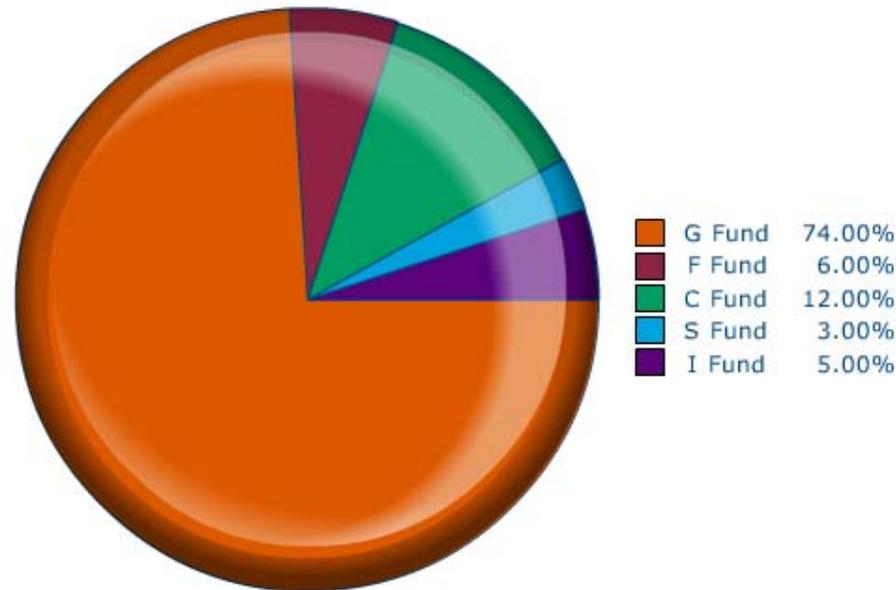
L 2020



L 2010



L Income Fund Investment Allocation



Note: When each L Fund reaches its target date, its distribution will match the L Income Fund investment and it will “roll into” the L Income Fund. A new L Fund will be introduced when an L Fund reaches its target date.

TSP Participant Statements

- ◆ Participants will receive an annual statement by mail once a year, after the end of the calendar year
- ◆ Participants are able to print a copy of their quarterly statements from the Account Access section of the TSP Web site at the end of each quarter (January, April, July, and October)
- ◆ The statement reflects transactions, number of shares the participant has in each fund, and dollar value of the shares in each fund
- ◆ Participants who prefer to have statements mailed may request this from the Account Access section of the TSP web site or by calling the Thriftline



**THRIFT SAVINGS PLAN
PARTICIPANT STATEMENT**

The time period covered in this statement is here.

Please review this statement for accuracy . . . This space tells you whom to contact in case of errors on your statement.

If your name or address shown here is not correct, please contact your agency or service if you are active or the TSP if you are separated from service.

TSP Account Number: Your unique TSP number.
 Date of Birth: }
 Retirement Coverage: } Check to see if this information is correct.
 Employment Status: }
 Beneficiary Designation: Make sure your designation is current.
 Service Required for Vesting: For FERS only, the vesting requirement pertains to Agency Automatic (1%) Contributions.
 Legal Residence: For uniformed services members only.

YOUR QUARTERLY ACCOUNT SUMMARY This summarizes the activity in your account during the quarter. Details begin on page 2.

TSP FUNDS	Beginning Balance (mm/dd/yy)	Contributions and Additions	Withdrawals and Deductions	Interfund Transfers	Change in Value from Previous Quarter	Ending Balance (mm/dd/yy)
Lifecycle Funds						
L 2040	This space shows your balance at the beginning of the quarter for each of your investment funds.	This space shows the dollar amount(s) that went into your account during the statement period.	This space shows the dollar amount(s) removed from your account during the statement period.	This space shows the net amount of money that went into, or came out of, a fund as a result of interfund transfers.	This space shows the gains and losses for each investment fund (and for your total account). It does not include additions and deductions shown in the previous spaces.	This space shows the balance in each of your investment funds at the end of the quarter.
L 2030						
L 2020						
L 2010						
L Income						
Individual Funds						
G Fund						This space shows your total account balance.*
F Fund						
C Fund						
S Fund						
I Fund						
Total						

*Your balance includes: This space shows the annual total of any catch-up contributions and the cumulative total of any tax-exempt money in your account.

How your future contributions and loan payments were allocated as of mm/dd/yy:

This space shows how you elected to invest your new contributions and loan payments at the end of the quarter.



How your ending account balance was distributed as of mm/dd/yy (see pie chart):

This space shows what percentage of your entire balance was in each of your investment funds at the end of the quarter. The information is displayed in the pie chart.

How your ending balance was distributed among the funds



TSP Web Site: www.tsp.gov
 THRIFTLINE: 1-TSP-YOU-FIRST (1-877-968-3778) • Outside the U.S. and Canada, call 404-233-4400
 TDD: 1-TSP-THRIFTS (1-877-847-4385)

Continued on reverse side

YOUR QUARTERLY LOAN SUMMARY Any loan activity is summarized in this section. Details begin in the "Transaction Detail by Source" section below.

Loan ID	Principal as of Beginning of Quarter	Amount of New Loan	Principal Repaid	Nontaxable Distribution	Taxable Distribution	Reversal of Taxable Distribution	Principal as of End of Quarter	Interest Paid	Interest in Arrears	Last Loan Payment
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You will see this section only if you have a loan or loans, and you will see only those columns and column headers that apply to your loan(s).

TRANSACTION DETAIL BY SOURCE This section tells you which source of money (i.e., employee, Agency Automatic (1%), or matching) is affected by each transaction during the statement period. Interfund transfers are not displayed in this section because they do not affect any particular source of money.

Payroll Office	Posting Date	Transaction Type	Employee	Agency Automatic (1%)	Matching	Total
For all these transactions which are reported by your payroll office, this identifies the payroll office.	This space shows the date on which the transaction affected your account.	This space shows the transaction that occurred on the posting date. If the transaction is followed by a date, that date shows when the transaction should have been reported to the TSP. Where applicable, earnings adjustments will also be shown.	 <p>For each transaction shown under Transaction Type, these columns show how much was deposited to or deducted from each source (i.e., employee, Agency Automatic (1%), or matching money).</p>			This space shows the total dollar amount of each transaction on the posting date.

TRANSACTION DETAIL BY FUND This section lists transactions for each fund in which you are invested. The transactions in the "Transaction Detail by Source" section (above) are repeated here, but displayed under the fund(s) that they affect.

Government Securities Investment (G) Fund

Posting Date	Transaction Type	Transaction Amount	Share Price	Number of Shares	Dollar Balance
This space shows the date on which a transaction was processed in your account.	This space shows the type(s) of transactions that occurred on the posting date(s).	This space shows the amount that was deposited to or withdrawn from the G Fund.	This space shows the value of each share of the G Fund on the posting date.	This space shows the number of shares purchased (or sold) for each transaction listed under Transaction Type.	This space shows your account balance for the G Fund at the beginning and the end of the quarter.

Note: If you have money in other TSP funds, the same categories of information shown here for the G Fund will be displayed for those funds as well.

Types of Loans



and



General Purpose
No documentation required

Residential
For purchase or construction
of a primary residence

Terms

- ◆ Minimum Term: 1 year
- ◆ Must be in pay status
- ◆ Maximum Term
 - General purpose = 5 years
 - Residential loan = 15 years
- ◆ General purpose and residential loans must be repaid by the (5th or 15th) anniversary from disbursement

Cost of a Loan



- ◆ \$50.00 fee
 - Fee deducted from amount of loan disbursed to participant
- ◆ Interest Rate
 - Based on G fund rate at time application is processed
 - Fixed for life of the loan
 - Not tax deductible
- ◆ Both the principal and interest are repaid to your account

Applying for a Loan

- ◆ Participants may have one residential and one general purpose loan outstanding at the same time
- ◆ When a loan is paid in full, including through prepayment, there is a 60-day waiting period before another like loan application is accepted by the TSP

Applying for a Loan

- ◆ Application can be initiated by using the Account Access section of the TSP Web site
 - TSP account number and password are required to use fillable loan application
 - A fillable version of the Form TSP-20 will be displayed for the participant to complete and submit online
 - Once the application is submitted the loan agreement will generate and can be displayed to be completed, printed and returned to the TSP record keeper for processing. Some participants will be able to submit the loan agreement on the web and complete the loan process
- ◆ Application can be submitted using Form TSP-20 or TSP-U-20
 - If forms are submitted the processing time is 10-15 business days from receipt

Applying for a Loan

- ◆ Unmarried participants requesting a general purpose loan can complete and submit forms on the web site. The general purpose loan is processed once the loan agreement is confirmed by the TSP system
- ◆ Married FERS and uniformed services participants must print their loan agreement form from the web site, obtain spouse's consent, and return the agreement to the TSP record keeper for processing and completion
- ◆ Residential loans also require printing the loan agreement and Form TSP-21-Doc, which is completed and returned with residential documentation to the TSP record keeper
- ◆ Spousal notification will be sent to the spouse of married CSRS participants applying for a TSP loan within two days of the submission of the loan application. The loan will not disburse earlier than 2 business days from submission of the loan application

Disbursement of a TSP Loan

- ◆ Payment made by check
 - Based on the address of record on file
 - Address printed on the loan agreement may differ from address the participant provided on the loan application

- ◆ Payment via EFT
 - Can request EFT by providing routing information on loan agreement
 - Option available only if loan agreement is mailed or faxed

Repaying the Loan

- ◆ Payroll deduction based on scheduled of loan payments
- ◆ Participants may send checks to make loan payments in addition to payroll deduction
 - Personal checks, money orders or cashier's checks are accepted
 - Loan coupon must accompany these payments
- ◆ Daily interest is calculated as each payment is posted and is based on the number of days since the last loan payment was made multiplied by the outstanding loan balance
- ◆ Multiple voluntary reamortizations
 - Participant may reamortize on TSP Web site or by calling the TSP
 - The new loan payment amount is provided to the payroll office on its loan report and the participant is mailed a reamortization notice

TSP Taxable Distributions

◆ Default

- All scheduled loan payments must be made by the participant
- The loan must be repaid no later than the 5/15 anniversary date from disbursement
- If a payment is missed or a partial payment received, the participant must make up the payment (via check)
- At the end of each quarter, if a participant has missed or made insufficient payments equal to 2 ½ payments, the TSP must send a default notice requiring the participant make up the default amount by the end of the following quarter
- If the entire default amount is not posted to the account by the end of the applicable quarter, a taxable distribution is declared on the outstanding loan balance
 - Participants will be prohibited from obtaining another TSP loan for 12 months
- The only exception to making up missing payments is if the participant is in a nonpay status; the IRS requires the TSP suspend loan payments during this period
 - Participants in nonpay status must request their agency/supervisor complete Form TSP-41 or TSP-U-41 and send it to the TSP record keeper
 - Periods of nonpay are included in the maximum number of years a loan can be repaid, unless the nonpay is associated with performing military service

TSP Taxable Distributions

- ◆ Leaving federal or uniformed service
 - Separated participant will still receive a notice with 90 days to pay the outstanding loan balance
 - A full or partial payment(s) may be submitted by check during the 90 day period
 - Partial payments will reduce the taxable distribution that will be declared on the remaining outstanding loan balance
 - Taxable distributions are effective after 90 days from receipt of separation information or generation of the notice
 - Participants not repaying the loan balance can request an acceleration of the taxable distribution date by signing the intent block on the notice and fax or mail to the TSP

- ◆ Death in service
 - Effective as of date of death or last loan payment

Withdrawal Rules for Married Participants

- ◆ Married FERS and uniformed service participants must print their withdrawal form from the web site, obtain notarized spouse's signature, and return the withdrawal request to the TSP record keeper for processing and completion
- ◆ Spousal notification will be sent to the spouse of married CSRS participants applying for a TSP withdrawal within two days of the submission of the withdrawal application. The withdrawal will not disburse earlier than 2 business days from submission of the withdrawal application
- ◆ Unmarried participants requesting either an in-service or post-service withdrawal can complete and, in some cases, submit forms on the Web site

In-Service Withdrawals

- ◆ Financial hardship withdrawals
- ◆ Age-based withdrawals
(age 59½ or older)



In-Service Withdrawals

◆ Financial Hardship

- Form TSP-76 can be submitted on the TSP Web site unless notarized spouse signature is required
- No documentation required
- Request must be for at least \$1,000
 - TSP will disburse requested amount or amount of employee contributions and earnings (whichever is less), but not less than \$1,000
- Can request payment made via EFT (option available only if request faxed or mailed)
- TSP will withhold 10% for Federal taxes unless participant requests more or less using Form W-4P

In-Service Withdrawals

◆ Financial hardship rules/requirements

- Participant certifies the conditions required to request a hardship withdrawal are met
 - Negative monthly cash flow, medical expenses, personal casualty loss, legal expenses for attorney fees and court costs associated with separation or divorce
- Participants in Chapter 13 bankruptcy can request a hardship withdrawal for medical, personal casualty loss, or legal divorce expenses; cannot request a withdrawal due to negative cash flow
- Agency/Service must terminate participant contributions for six months
 - Agency matching contributions for FERS participant will also stop
 - FERS participants will continue to receive agency automatic (1%) contributions
- Must wait six months after receiving a hardship withdrawal before requesting another
- Early withdrawal penalty of 10% applies if participant is not age 59½ in the year the financial hardship in-service withdrawal is disbursed

In Service Withdrawals



- ◆ Age-based
 - Must be age 59½ or older
 - One-time withdrawal of all or a specific dollar amount of the account balance, Form TSP 75
 - Request can be initiated and, for some, completed on the TSP web site. Other participants must mail completed form to the TSP for processing
 - Can request payment by EFT (option available only if request is mailed or faxed)
 - All or a portion can be transferred to an traditional IRA or other eligible plan (no Federal tax at time of transfer)
 - All or a portion can be transferred to an Roth IRA (subject to Federal tax but no withholding)
 - Amount not transferred to an IRA or other eligible plan subject to mandatory 20% tax withholding
 - Will prohibit participant from receiving a partial post-service withdrawal after separation

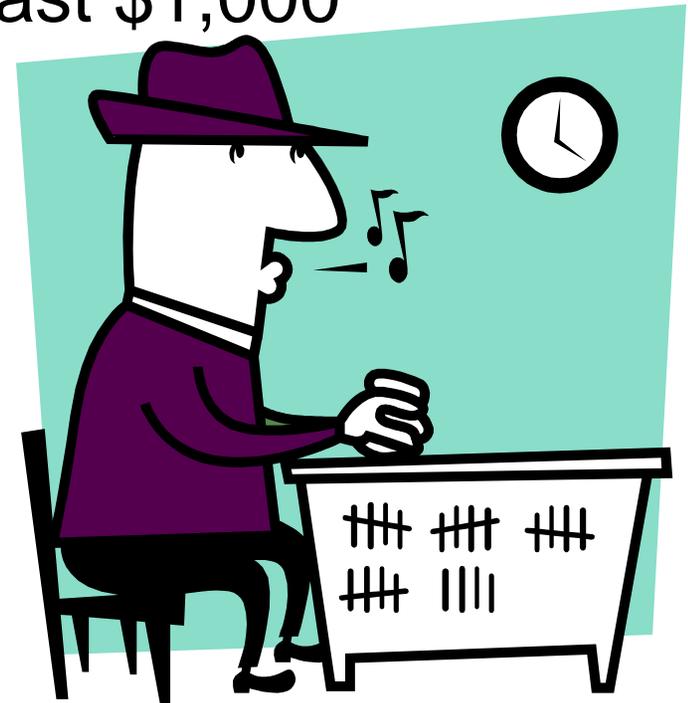
ROTH IRA

- ◆ Roth IRA transfer rules
 - Participant can transfer any dollar amount to a Roth IRA
 - Participant can transfer all or any portion of a single payment or monthly payments expected to last for less than 10 years
 - Roth IRA accepts only after-tax dollars, but provides tax-free growth
 - No income tax will be withheld on a Roth IRA transfer
 - Entire amount transferred to a Roth IRA will be taxed for the year of the transfer
 - Participant may need to pay estimated taxes to mitigate tax liability
- ◆ Participant not eligible for a Roth IRA transfer if
 - Modified adjusted gross income is over \$100,000*
 - Married and file a separate return

*Note: Beginning 2010 the income restriction is eliminated

Post-Service Withdrawal Options

- ◆ Automatic cashout
- ◆ Leaving money in the TSP
- ◆ Partial Withdrawal of at least \$1,000
- ◆ Full Withdrawal
 - Single payment
 - Monthly payments
 - Life annuity
- ◆ Mixed Withdrawal



Automatic Cashout

- ◆ Separated participants with a vested account balance of less than \$200 will receive an automatic cashout
 - Account balances of \$4.99 or less will be forfeited to the TSP
 - Participant may request restoration and payment of the forfeited balance
- ◆ The account will be paid automatically after the participant is separated for more than 31 days
 - No notification prior to disbursement
- ◆ Participant may not elect to leave the balance in the TSP
- ◆ Amount not subject to the mandatory 20% Federal tax-withholding

Leaving Money in the TSP

- ◆ Option available to participants with balances of \$200 or more
- ◆ Participant may update address by using the TSP Account Access section of the TSP Web site, by telephoning the TSP record keeper, or by submitting Form TSP-9
- ◆ Contributions may not continue, but participant may transfer in amounts from traditional IRAs or eligible employer retirement plans
- ◆ Participant may continue to make interfund transfer and contribution allocation requests
- ◆ By April 1st, after you turn 70½ and are separated from service, you must begin to take required minimum distributions from your TSP account

Partial Withdrawal

- ◆ One-time request for the “life” of the account
 - Participant must not have received an age-based withdrawal
 - Participant must not have received a partial withdrawal from a prior period of employment
 - Form TSP-77 may be submitted via the web or mailed to TSP

- ◆ Minimum amount that can be withdrawn is \$1,000
 - If the account balance is less than \$1,000, the participant must submit a request for a full withdrawal

- ◆ Single payment only
 - Participant may request payment by EFT (option available only if request is mailed or faxed)
 - Payment subject to mandatory 20% tax withholding

- ◆ All or a portion can be transferred to a traditional IRA or other eligible plan. (Amount not transferred subject to mandatory 20% tax withholding)

- ◆ Participant may request a transfer of all or a portion of the payment to a Roth IRA (subject to Federal tax but no tax withholding)

Full Withdrawal

- ◆ Participant may select one or all withdrawal options to apply to their entire account
- ◆ Participant may complete Form TSP-70 on the TSP Web site; then print and fax or mail the form to the TSP
- ◆ Participant indicates on the Form TSP-70 what percentage of the balance will apply to the option(s) selected
- ◆ If a participant elects a TSP annuity, the percentage of the balance applied to the option must equal at least \$3,500
- ◆ Married FERS participants must obtain notarized spouse's signature (waiving right to a TSP annuity) and return Form TSP-70 to the TSP record keeper for processing

Single Payment Option

- ◆ Participant may request single payment of entire account balance
- ◆ When using the mixed withdrawal option participant may request any percentage of the account balance to be made in a single payment
- ◆ Participant may request payment by EFT (option available only if request is mailed or faxed)
- ◆ Participant may request a transfer of all or any portion of the single payment to an traditional IRA, Roth IRA, or other eligible plan (amount not transferred is subject to mandatory 20% tax withholding)

Monthly Payments

- ◆ Specify a dollar amount (\$25.00 minimum)
 - Participants scheduled to receive fewer than 120 payments can transfer all or a portion of each monthly payment to either a traditional or Roth IRA
- ◆ Request TSP compute monthly payment (based on IRS tables)
- ◆ The TSP Web site has a monthly payment calculator to estimate monthly payment amounts

Changes to Monthly Payments

- ◆ Participant may complete Form TSP-73 to request a change in monthly payments from:
 - Compute my payment to dollar amount
 - Current dollar amount to new dollar amount
 - Change in monthly payments are effective in January of the following year
 - TSP-73 may be used to change % transferred, or financial institution information at any time
- ◆ Tax withholding rules will be determined when the monthly payment option is processed or when a change in monthly payments occurs

Summary of Life Annuity Options

- ◆ Single Life

- Level or Increasing Payments, with:

- 10- year certain
 - cash refund feature
 - no added features

- ◆ Joint Life with Spouse

- Level or Increasing Payments, with:

- 50 or 100% survivor benefit and;
 - cash refund feature

- ◆ Joint Life with Other Survivor

- (having an insurable interest)

- Level Payments only, with:

- 50 or 100%* survivor benefit and;

- * 100% survivor benefit not available if joint annuitant is more than 10 years younger

- cash refund feature

The TSP Web site has an annuity calculator to estimate annuity payments

Mixed Withdrawals

- ◆ Participant may select one or all withdrawal options to apply to their account
- ◆ Participant may complete Form TSP-70 on the TSP Web site
- ◆ Participant indicates on the Form TSP-70 what percentage of the balance will apply to the option(s) selected
- ◆ If a participant elects a TSP annuity, the percentage of the balance applied to the option must equal at least \$3,500

Spouses' Rights

Classification	Requirement*	Exceptions**
FERS	Notarized spouse signature required. Spouse is entitled to a joint life annuity with 50% survivor benefits, level payments, and no cash refund feature, unless he/she waives this right	Whereabouts unknown or exceptional circumstances TSP-16 required
CSRS	Spouse is entitled to notification by the TSP of the participant's withdrawal election	Whereabouts unknown TSP-16 required

* If account balance is less than \$3,500 spouse's signature/notice is not required

** Waiver of spouse's signature/notification valid for 90 days from approval



IRS Early Withdrawal Penalty

If you separate/retire before the year in which you reach age 55 and you withdraw your TSP account in a single payment or series of monthly payments, you will be subject to the 10% early withdrawal penalty on all amounts received before you become age 59½.

NOTE: If you separate on a OPM-approved or service-approved disability retirement, you may be exempt from early withdrawal penalty. If you elect monthly payments based on life expectancy or TSP life annuity, this early withdrawal penalty does not apply. Death benefit payouts are also excluded.

TSP Death Benefits

◆ To Whom

- Form TSP-17, Information Regarding Deceased Participant
- Based on Form TSP-3, Designation of Beneficiary
 - Maintained at the TSP

If there is no TSP-3 on file at the TSP, then:

- Statutory Order of Precedence
 - Spouse, natural and adopted children, parents, estate, next of kin

◆ How

- Paid as a single payment
- Spouse can transfer all or a portion of entitled amount to
 - Traditional or Roth IRA, eligible employer plan, his/her TSP account (no taxes withheld)
 - Roth IRA subject to Federal taxes but no withholding
 - Amount not transferred subject to mandatory 20% Federal tax withholding
- Other beneficiaries can transfer entitled amount to
 - Inherited IRA
 - Amount not transferred to an Inherited IRA subject to 10% Federal tax withholding

TSP Death Benefits

- ◆ Benefits of an Inherited IRA
 - Allows beneficiaries, other than spouse, to take the IRS minimum required distribution amount based on their age
 - If a 24-year-old beneficiary's entitled amount is \$100,000, the IRS minimum required distribution must start by December 31 the year following the TSP participant's death
 - The first year IRS minimum required distribution would be \$1,720 based on age 25
 - The remaining balance continues to grow tax deferred
 - Each year the IRS minimum required distribution increases slightly providing a lifetime benefit

- ◆ Beneficiaries must select this option at the time the entitlement is disbursed
 - Beneficiaries select a financial institution that provides inherited IRAs
 - Inherited IRAs are complicated and a tax advisor or IRA provider should be contacted to discuss this benefit