Summary of the Thrift Savings Plan for the Uniformed Services

October 2001

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

October 2001

Dear Member of the Uniformed Services:

Congratulations! You are now eligible to join the Thrift Savings Plan (TSP). By participating in the TSP, you can enhance your retirement and save money on taxes at the same time. Even if you're thinking, "I just can't spare the money right now," or "I'm too young to be concerned about retirement," the TSP offers many advantages to you. Here are a few:

- The sooner you start contributing, the sooner your money can go to work for you. Your account will grow from the earnings on your contributions, and those earnings, in turn, will accrue more earnings. This method of accumulating wealth is known as *compounding*, and the longer your money is in your account, the more you can benefit from it.
- You have the flexibility to contribute as little as 1 percent, or as much as 7 percent, of your basic pay — plus any amount of incentive pay or special pay, including bonus pay. And you will be able to contribute higher percentages of basic pay in the future.
- Your TSP contributions are taken out of your pay before taxes are computed, so you pay less tax now. In addition, TSP earnings are *tax-deferred*. This means you don't pay Federal (and, in most cases, state) income taxes on your contributions or earnings until you withdraw the money — usually at retirement, when you are in a lower tax bracket.
- You can diversify your TSP investment among five different investment funds: 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 Investment (S) Fund, and the International Stock Index Investment (I) Fund. Administrative and investment expenses associated with these funds are very low, and you can easily change the amounts you allocate to the different funds at any time by using the TSP's Web site, calling the ThriftLine (the TSP's interactive voice response system), or mailing in a form.
- You can transfer any amount of money into the TSP from certain qualified retirement savings plans in which you are already invested. For example, if you have money in a 401(k) plan from previous employment, you can transfer all or part of it into the TSP. Similarly, you can transfer your TSP account balance to an eligible retirement plan when you leave Federal service.

This Plan Summary discusses all of these benefits and describes other features of the TSP as well. It explains how to start contributing, summarizes your investment choices, and tells when and how you can take a loan or withdraw your money. It also previews forthcoming enhancements which will become available when the TSP's planned new record keeping system is in place. You should read this booklet in its entirety so that you can make an informed decision about participating and investing in the TSP. That way, you will not find yourself realizing years from now that you missed out on excellent tax benefits and an easy way to invest for your retirement.

Sincerely,

Roger W. Mehle
Executive Director

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THE THRIFT SAVINGS PLAN

What is the Thrift Savings Plan?

The Thrift Savings Plan (TSP) is a Federal Government-sponsored retirement savings and investment plan. Congress established the TSP in the Federal Employees' Retirement System Act of 1986. The purpose of the TSP is to provide retirement income.

On October 30, 2000, President Clinton signed the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398). One provision of the law extended participation in the TSP, which was originally only for Federal civilian employees, to members of the uniformed services. Uniformed service members will first be able to enroll in the TSP during a special open season beginning on October 9, 2001, and ending January 31, 2002.

The TSP is a **defined contribution** plan. The retirement income that you receive from your TSP account will depend on how much you (and your service, if you receive matching contributions) have contributed to your account during your working years and the earnings on those contributions.

The TSP offers the same type of savings and tax benefits that many private corporations offer their employees under so-called "401(k)" plans.[1] TSP regulations are published in title 5 of the Code of Federal Regulations, Parts 1600 – 1699, and are periodically supplemented and amended in the *Federal Register*.

How does the TSP differ from the uniformed services retirement system?

In contrast to the TSP, the uniformed services retirement system is a **defined benefit** program. This means that the benefit you receive from the uniformed services retirement system (i.e., your retired pay) is based on your years of service and the rank you hold at the time of your retirement, rather than on the amount of your contributions and earnings, as is the case with the TSP.

In addition, unlike participation in the uniformed services retirement system, participation in the TSP is optional. To participate in the TSP, you must sign up with your service. You contribute to the TSP from your own pay, and the amount you contribute and the earnings attributable to your contributions belong to you. They are yours to keep even if you do not serve the 20 or more years ordinarily necessary to receive uniformed services retired pay.

Who administers the TSP?

The Federal Retirement Thrift Investment Board administers the TSP and contracts with the U.S. Department of Agriculture's National Finance Center to serve as the TSP record keeper. Your service also plays an important role in TSP administration.

The Board. The Federal Retirement Thrift Investment Board is an independent Government agency. The five presidentially appointed members of the Board and the Executive Director are required by law to manage the TSP prudently and solely in the interest of participants and their beneficiaries.

Money in the TSP and earnings on that money cannot be used for any purpose other than providing benefits to participants and their beneficiaries and paying TSP administrative expenses.

The financial statements of the Thrift Savings Fund are required by law to be audited annually. (The Plan year is the calendar year.) You may obtain the audited financial statements from the TSP Web site or by writing to the TSP Service Office. (See page 44 for the Service Office address.)

The Record Keeper. The Board has an agreement with the U.S. Department of Agriculture's National Finance Center (NFC) in New Orleans, Louisiana, to provide record keeping services for the TSP. NFC maintains the accounts of TSP participants and mails semiannual participant statements to all TSP participants.

1. The Internal Revenue Code, in 26 United States Code (U.S.C.) section 7701(j), states that the TSP is to be treated as a trust qualified under 26 U.S.C. section 401(a) which is exempt from taxation under 26 U.S.C. section 501(a).

The TSP Service Office at NFC processes contribution allocations, loans, withdrawals, and interfund transfers, as well as participants' designations of beneficiaries. The TSP Service Office is also your primary contact for information about your account after you separate from service.

Your Service. While you are a member of the uniformed services, your service is your primary TSP contact. Your service will provide you with TSP forms and informational materials and answer your questions about the TSP. You will submit the Election Form (TSP-U-1) to your service to enroll in the TSP. (Your service may use an electronic version of the Election Form, e.g., on the Employee/Member Self-Service System. Your service will advise you regarding the availability of this method.) Your service's payroll office will report to the record keeper the dollar amount of contributions (and any loan payments, if applicable) to your account each pay period.

You should review the leave and earnings statement that you receive each month and your semiannual TSP participant statements (see page 12) to ensure that your service provides the TSP record keeper with correct and up-to-date information about your contributions. As long as you are a member of the uniformed services, your service must also provide the record keeper with the personal information that is necessary to maintain your account — for example, your address. If you have questions about your TSP account or if your personal information is incorrect, contact the person or office in your service that is responsible for administering your TSP account. Your service is responsible for correcting errors in your personal information and contributions (including loan payments).

What are the major features of the TSP?

You can contribute up to 7 percent of your basic pay[2] each pay period to your TSP account as soon as you become a member of the uniformed services.[3] If you contribute to the TSP from your basic pay, you may also contribute from one to 100 percent of any incentive pay or special pay (including bonus pay)[4] you receive, up to the limits established by the Internal Revenue Code.

The TSP also offers the following:

- Immediate member contributions (see page 5)
- Before-tax savings and tax-deferred investment earnings (see page 10)
- Low administrative and investment expenses (see page 13)
- Transfers into the TSP from other qualified retirement plans (see page 8)
- A choice of five investment funds (see page 18):
  - Government Securities Investment (G) Fund
  - Fixed Income Index Investment (F) Fund
  - Common Stock Index Investment (C) Fund
  - Small Capitalization Stock Index Investment (S) Fund
  - International Stock Index Investment (I) Fund
- Interfund transfers (see page 27)
- Loans from your own contributions and attributable earnings while you are in service (see page 29)
- In-service withdrawals for financial hardship or after you reach age 59½ (see page 31)
- Portable benefits and a choice of withdrawal options after you separate from service (see page 33)
- The ability to designate beneficiaries for your account balance (see page 9)

2. As used in this booklet, basic pay means basic pay payable under section 204 of title 37 and compensation received under section 206 of title 37 of the United States Code. Section 204 pay is pay earned for active duty; section 206 pay (e.g., inactive duty for training, or IDT, pay) is pay earned by members of the Ready Reserve (to include the National Guard). The 7 percent cap on basic pay contributions applies to contributions made in 2002. This contribution limit will increase by one percentage point each year through 2005, after which participants' contributions will be limited only by the Internal Revenue Code's annual limits (see page 40).

3. Members of the uniformed services are eligible to participate in the TSP as of October 9, 2001.

4. As used in this booklet, incentive pay (e.g., flight pay, submarine pay, hazardous duty pay) and special pay (e.g., medical and dental officer pay, hardship duty pay, career sea pay) have the meanings set forth in chapter 5 of title 37, United States Code. Bonus pay, which is generally a type of special pay, is addressed separately for election purposes because different TSP rules apply to it.

- Spouses' rights protection for loans and withdrawals and recognition of qualifying court orders (see page 39)
- A Web site with general account information, capability for requesting contribution allocations and interfund transfers, up-to-date TSP materials and information, and calculators to estimate account growth and annuity amounts (see page 42)
- An automated telephone service (the ThriftLine) for Plan and account information and certain transactions (see page 42).

How does the TSP fit into the total retirement picture for members of the uniformed services?

The TSP can provide you with a source of retirement income in addition to your uniformed services retired pay. Your contributions and earnings (including any matching funds you may receive) are yours to keep, even if you separate from the uniformed services before retirement. To find out more about uniformed services retirement benefits, contact your service.

What if I can't afford to contribute very much?

You can contribute as little as one percent of your basic pay each pay period. Even small savings add up over time. If you put in only $40 from your pay each month, here's the approximate amount you could have in your TSP account in 20 years. (Note: If you leave the uniformed services and enter the Federal civil service,[5] you will be able to continue your contributions to the TSP.)

$40 monthly contributions	$ 9,600
Earnings (assuming 7% a year)	11,359
Your total in 20 years	$20,959

Can I withdraw my money while I am a member of the uniformed services?

The purpose of the TSP is to provide you with a source of income for your retirement. It is not a savings account that can be withdrawn at any time. If you think you may need your money in the near future, or if you do not have other funds saved for emergencies, you will want to consider your other needs carefully before deciding how much to contribute to the TSP.

However, while you are still a member of the uniformed services, the TSP loan program can give you access to money that you have contributed to your account (see page 29). In addition, participants who are age 59½ or older can make a one-time withdrawal from their TSP accounts while they are still in service. In-service withdrawals for reasons of financial hardship are also available. In-service withdrawals are restricted by law, and funds withdrawn are taxable and may be subject to early withdrawal penalties. Other conditions and restrictions apply. (See page 31.)

PARTICIPATING IN THE TSP

Which members of the uniformed services are eligible to participate in the TSP?

Uniformed members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration serving on active duty and members of the Ready Reserve or National Guard of those services (as applicable) in any pay status may contribute to the TSP.

What are the basic rules for contributing to the TSP?

Member Contributions:

- You can contribute up to 7 percent of your basic pay (see footnote 2 on page 3) each pay period to your TSP account.

5. To be eligible to participate in the TSP as a Federal civilian employee, you must be covered by the Federal Employees' Retirement System (FERS), the Civil Service Retirement System (CSRS), or an equivalent Government retirement system.

- If you contribute to the TSP from your basic pay, you may also contribute from one to 100 percent of any incentive or special pay (including bonus pay) you receive.
- The amount you decide to contribute from each category of pay must be stated as a whole percent. The dollar amount of your contributions from your pay will be automatically adjusted with every change in your pay.
- The total amount of your contributions is limited by the Internal Revenue Code elective deferral limit. (See page 40.)

Service Contributions:

The law that extended the TSP to the uniformed services allows the secretary responsible for that service to designate critical specialties for matching contributions. Members serving in these specialties who agree to serve on active duty for 6 years will be eligible for matching contributions. The matching contributions apply only to amounts contributed from basic pay.

If you are eligible to receive matching contributions, your service will match your basic pay contributions dollar-for-dollar on the first 3 percent of basic pay you contribute and 50 cents per dollar on the next 2 percent of pay. Thus, if you are contributing 5 percent or more of your basic pay to the TSP, your service will contribute an additional amount equal to 4 percent of your basic pay to your TSP account.

Your service will advise you if you are in a critical specialty and eligible to receive matching contributions in exchange for your commitment to perform 6 years of active duty service. (As of the date of this publication, matching contributions had not been authorized by any of the uniformed services.)

What kinds of pay can I contribute to the TSP?

You may elect to contribute basic pay, incentive pay, or special pay (including bonus pay) to the TSP. (See "When can I sign up to contribute?" below.) You **must** contribute basic pay to be eligible to contribute incentive pay or special pay (including bonus pay).

You may elect to contribute from basic pay, incentive pay, or special pay (*excluding* bonus pay) only during certain periods (e.g., during the special first open season, upon becoming a member of the uniformed services, or during regular open seasons). You may make an election to contribute from bonus pay at any time, however.

If you are not receiving incentive pay or special pay (including bonus pay) when you make your TSP election, you may elect to contribute from these types of pay in anticipation of becoming entitled to them. If you make such an election, the election will take effect whenever you receive the specified type of pay.

If you have not yet made a TSP contribution election, but you expect to become eligible for bonus pay and want to contribute some or all of it to the TSP, be sure to make a basic pay election **before** becoming eligible for the bonus pay.

When can I sign up to contribute?

- If you join the uniformed services on or before December 8, 2001, you may elect to participate in the TSP during the initial open season that begins on October 9, 2001, and ends January 31, 2002. You sign up to participate in the TSP by submitting a TSP Election Form (TSP-U-1) to your service, or electronically (e.g., through the Employee/Member Self-Service System). (See page 6.) Elections submitted before January 2002 will become effective the first full pay period in January; elections submitted during January will become effective no later than the first full pay period after your service accepts your TSP Election Form.
- If you do not enroll during the initial open season, you may enroll in either of the two open seasons held each year. Currently, the open seasons are May 15 through July 31 and November 15 through January 31.
- Members who join the uniformed services after December 8, 2001, will have 60 days after joining the service to enroll in the TSP. Thereafter, they may enroll during the semiannual open seasons. For the purpose of making TSP contribution elections, you are considered to have joined the uniformed services on the date you first became eligible (or became re-eligible if

you rejoined following a break in service) to receive basic pay. In that case, your contributions to the TSP will generally begin the first pay period after your service accepts your TSP Election Form, but not before the first full pay period in January 2002.[6]

- If you are a member of the Ready Reserve and are called to active duty for a period of more than 30 days, you may elect to contribute to the TSP (or change the amount of your contributions) within 60 days of your change in status.
- If you leave active duty and enter the Ready Reserve, you may elect to contribute to the TSP (or change the amount of your contributions) within 60 days of your change in status.

What if I rejoin the uniformed services?

If you rejoin the uniformed services after a **break in service of 31 or more full calendar days**, you can sign up to contribute to the TSP within 60 days of the date you rejoin. You are considered to have rejoined the uniformed services on the date you became re-eligible to receive basic pay.

If you rejoin the uniformed services after a **break in service of less than 31 full calendar days** and you were previously contributing to the TSP, your contributions will resume the first pay period after you rejoin the uniformed services. You cannot change the amount of your contributions until the next open season. To ensure that your contributions resume properly, you should tell your service that you were previously contributing to the TSP. (You should also inform your service if you have any outstanding TSP loans.) If you were not previously contributing to the TSP, you must wait until an open season to elect to contribute.

What if I am a member of the uniformed services and also a Federal civilian employee?

If you are currently both a member of the uniformed services and a Federal civilian employee, you may contribute to the TSP both as a member of the uniformed services and as a Federal civilian employee. For information on the TSP rules that apply to civilian employees, see the *Summary of the Thrift Savings Plan for Federal Employees.*

Separate Accounts. Your uniformed services account will be maintained separately from your civilian TSP account and you will be able to contribute to your uniformed services TSP account only from your uniformed services pay. Similarly, you will be able to contribute to your civilian TSP account only from your civil service compensation.

Because you will have two separate accounts, you will need to make contribution allocations (see page 8) for each account and, should you want to make an interfund transfer (see page 27), you will need to request separate interfund transfers for each account. If you wish to designate a beneficiary, you will need to submit a separate beneficiary designation for each account. (See page 9.) You will receive a separate participant statement for each account.

However, if you contribute to a uniformed services account and a civilian account,

- The sum of your contributions to the two accounts during the same calendar year cannot exceed the applicable Internal Revenue Code contribution limits. (See page 40.)
- If you want to take a loan from either account, the TSP will calculate the Internal Revenue Code maximum loan amount using both account balances. (See page 29.)

Combining Accounts. Once you separate from either the uniformed services or Federal civilian service, you will be able to combine your TSP accounts by contacting the TSP record keeper. Your service or agency must notify the TSP that you have separated from service before you can combine your TSP accounts. Tax-exempt contributions (i.e., as a result of the combat zone tax exclusion — see page 11) in your uniformed services account, however, may **not** be transferred to your Federal civilian account.

How do I start my contributions to my TSP account?

To start contributing to the TSP during one of the periods discussed on page 5, ask your service for

6. Because of cut-off dates for processing elections, your service will advise you of the date your election will be made effective.

the TSP Election Form (TSP-U-1) or download it from the TSP Web site, or use your service's electronic TSP election form if one is available. Complete the form to show what percentage of basic pay, incentive pay, special pay, or bonus pay you want to contribute, and submit it **to your service**. Remember, you must be contributing from basic pay in order to contribute from incentive or special pay (including bonus pay). (See "Member Contributions," page 4.) Your service will advise you of the effective date of your election.

If you submit your form **before** January or July, it will become effective in January or July. If you submit your form **during** January or July, it will become effective no later than the first pay period after your service accepts your form.

Your service will deduct the amount you choose from your pay each pay period and will continue to do so until you submit another Form TSP-U-1 to stop or change the amount. For example, if you elect to contribute from a bonus, your initial election will remain in effect and cover any future installments of that bonus or any other bonus to which you become entitled. If this is not what you intend, you will need to terminate your bonus election once the contribution from the current bonus is complete.

What if I transfer to another service or become a Federal civil service employee?

If you transfer to another service, your new service must continue your contributions without interruption. To avoid any delay, you should notify your new service TSP representative that you have been contributing to the TSP.

If you separate from the uniformed services and become a Federal civil service employee covered by FERS, CSRS, or an equivalent plan, you may make a TSP contribution election within 60 days of your appointment or during a TSP open season. TSP accounts for Federal civil service employees are separate from those of members of the uniformed services. You may combine the taxable money in your uniformed services TSP account with your new Federal civil service TSP account or maintain two separate accounts. (See page 6.)

How do I change the amount of my contributions?

If you want to change the amount of your contributions from basic, incentive, or special pay (including bonus pay), submit Form TSP-U-1 to your service (or complete the electronic version, if it is available) during a TSP open season.

If you want to change the amount of your contributions from bonus pay, submit Form TSP-U-1 to your service at any time.

How do I stop my contributions?

You can stop contributing to the TSP at any time by completing the appropriate sections of Form TSP-U-1 and submitting it to your service. Your contributions will generally stop no later than the end of the pay period in which your service accepts the form (see footnote 6 on page 6.) The following rules apply to your termination request:

- If you terminate basic pay contributions, you may no longer contribute from incentive pay, special pay, or bonus pay.
- You may terminate contributions from incentive pay, special pay, or bonus pay at any time, yet continue contributions from basic pay.
- If you stop contributing from basic pay, incentive pay, or special pay during an open season, you cannot start contributing again from that category of pay until the next TSP open season.
- If you stop contributing from basic pay, incentive pay, or special pay outside an open season, you will not be able to start contributing again from that category of pay until the second open season following the termination.
- You may restart bonus pay contributions at any time, provided you have a contribution election for basic pay in effect.
- If you terminate basic pay contributions, any matching contributions you may be receiving will also stop. (See page 11 to learn more about matching contributions.)

What is a contribution allocation?

To specify the way you want the contributions to your account to be invested among the five TSP funds, you must make a "contribution allocation." Your contribution allocation will apply to all **future** contributions (both yours and any matching contributions) as well as loan payments and transfers from other plans. It does not affect the money already in your account. (To change the way your existing account balance is invested, you must make an interfund transfer. See "Interfund Transfers" on page 27.)

Before you decide how to allocate your contributions, read "Your Investment Options," beginning on page 18.

How do I make a contribution allocation?

To specify the way you want your contributions to be invested, use the TSP Web site or the ThriftLine, or submit Form TSP-U-50, Investment Allocation, to the TSP Service Office (see page 44). The first time you make a contribution allocation or interfund transfer, you must acknowledge the risk of investing in the F, C, S, and I Funds.

The Web site and the ThriftLine are the most efficient ways of making a contribution allocation. Contribution allocations generally will become effective within two business days of the date the TSP receives your request.

What if I do not make a contribution allocation?

All of your contributions, including service matching contributions, if any, will be invested in the G Fund until you make a contribution allocation on the Web site or the ThriftLine, or submit Form TSP-U-50 to the TSP.

Can I transfer money from an existing retirement plan to the TSP?

Yes. Whether you are an active or separated member of the uniformed services, you can transfer (or roll over) money from a qualified retirement plan or a conduit IRA into your **existing** TSP account. If you are separated from service, you can transfer money into your TSP account unless you have already made a full withdrawal of your account or are receiving monthly payments.

The TSP can accept funds only from a qualified retirement plan (or its designated financial institution) or a conduit IRA that was set up to accept your distribution from a qualified retirement plan.

In general, a qualified retirement plan is a qualified trust described in section 401(a) of the Internal Revenue Code (IRC) which is exempt from taxation under IRC section 501(a), or an annuity plan described in section 403(a) of the IRC. A conduit IRA is an Individual Retirement Account described in IRC section 408(a) or an individual retirement annuity described in IRC section 408(b) which contains only funds transferred or rolled over from a qualified retirement plan and earnings on those amounts.

If you are considering a transfer into the TSP, you should check with the administrator of the plan from which you wish to transfer the money (or your tax advisor) to ensure that the funds are eligible for transfer.

Note: Transfers into the TSP may consist only of money that has not yet been subjected to Federal income tax. The money will be subject to income tax when it is eventually paid to you from your TSP account.

How do I transfer money into my TSP account?

There are two methods for transferring money into your TSP account from a qualified retirement plan or a conduit IRA. **If you have not received the money** from your former plan, but wish to have the plan or conduit IRA **transfer money directly to the TSP**, you will have to complete Form TSP-U-60, Request for a Transfer Into the TSP, and give it to the administrator of the plan or conduit IRA so that the plan or conduit IRA can certify that the distribution is eligible for transfer. Your former plan can then send the completed Form TSP-U-60 and the funds to the TSP Service Office. In this situation, the money is transferred to the TSP before any taxes are withheld.

If you receive the money from your former plan before you decide to **roll it over into the TSP**, you will have 60 days to complete the rollover, beginning on the date you receive the funds. After that time, the distribution will not be eligible for rollover. You may roll over all or part of the distribution. However, because your former plan should have withheld the appropriate amount of taxes when it sent you the distribution, **you will have to make up the difference from your own funds** if you want to roll over the entire amount.

To roll over the distribution you received into the TSP, you will need to complete Form TSP-U-60. You must specify the date on which you received the distribution from your former plan or conduit IRA and have the administrator of your former plan or conduit IRA certify on the form that the funds are eligible for transfer. **You** must then submit the form to the TSP along with guaranteed funds (i.e., a certified check, cashier's check, cashier's draft, money order, or treasurer's check from a credit union) made out to the Thrift Savings Plan for the entire amount you are rolling over (which cannot exceed the amount certified by the plan or conduit IRA). The TSP must receive the form and the guaranteed funds within 60 days of the date you received the funds.

What happens to my transferred money when it is deposited into the TSP?

Once the TSP receives a properly completed Form TSP-U-60 and a check in the amount of your transferred funds, the funds will be invested according to your most recent contribution allocation. If you haven't made a contribution allocation, the funds will be invested in the G Fund.

Transferred funds will be treated as member contributions, but they will not be subject to the IRC annual elective deferral limit. (See page 40.) Once the money is transferred, it will be available for the same purposes as the rest of your member contributions. It will **not** be segregated from the rest of the money in your account, and any elections you make will apply to your entire account balance without distinction as to the source of the money in it.

Transferred funds and rollovers will be subject to the same rules and regulations as any other member contributions to the TSP. For example, spouses' rights rules (see page 39) affect all the money in your account, including money that was transferred into it. In addition, because the transferred money becomes part of your account, it can be subject to a court order against your account.

How do I designate beneficiaries for my TSP account?

To designate beneficiaries to receive your account in the event of your death, ask your service TSP representative for Form TSP-U-3, Designation of Beneficiary, or download it from the TSP Web site. If you have left service, you can also obtain the form from the TSP Service Office. You are not required to file Form TSP-U-3, but if you do not, your account will be distributed after your death according to the order of precedence described on page 37.

Submit Form TSP-U-3 to the TSP Service Office at the address on the form. **Do not submit Form TSP-U-3 to your service.** Your beneficiary designation will not be valid unless it is received by the TSP record keeper **on or before the date of your death**. Follow the instructions on the form carefully. The TSP may not be able to honor an improperly completed form; mistakes may make your form invalid.

Mention of your TSP account in your will (or another document, such as a prenuptial agreement) has no effect on the disposition of your account after your death. A will is not a substitute for Form TSP-U-3. However, you can use Form TSP-U-3 to designate your estate or a trust to receive your TSP account.

You should review your designation of beneficiary whenever your personal situation changes (for example, as a result of marriage, birth or adoption of a child, or divorce). Your semiannual participant statement will show the date of your most recent designation. To cancel or change your designation of beneficiary, submit another Form TSP-U-3 to the TSP Service Office.

Remember, Form TSP-U-3 will apply only to your uniformed services account. Therefore, if you also have a civilian TSP account and you would like to designate a beneficiary (or beneficiaries) to receive money from that account, you must submit the civilian Form TSP-3, Designation of Beneficiary.

Tax Advantages of the TSP

You may make either tax-deferred or tax-exempt contributions to the TSP. You make tax-deferred contributions from your taxable pay. You make tax-exempt contributions from pay you earn that is subject to the combat zone tax exclusion. (See "Tax-Exempt Contributions" on page 11.) Any matching contributions are always tax-deferred. Earnings attributable to TSP contributions are also always tax-deferred, even if attributable to tax-exempt contributions.

Tax-Deferred Contributions

There are two tax benefits to making tax-deferred contributions to the TSP:

- Your TSP contributions are taken out of your pay before taxes are computed, so you pay less tax now.
- Taxes on contributions and attributable earnings are deferred until you withdraw your money.

What are the immediate benefits of making tax-deferred contributions to the TSP?

With "before-tax" contributions, the money you contribute is taken out of your pay before Federal and, in almost all cases, state income taxes are calculated. Thus, the amount used to calculate your taxes is smaller and you pay less in taxes now. Deposits to a regular savings account do not provide such an advantage.

Your TSP contributions are excluded from the taxable income reported on the IRS Form W-2, Wage and Tax Statement, that you receive from your service each year. Thus, you do not report them on your annual Federal tax return. This special tax treatment does not affect your salary of record for other Federal benefits — such as uniformed services retired pay — nor does it affect Social Security or Medicare taxes or benefits.

By paying less current income tax, you have more take-home pay than if you had saved an equal amount that was not excluded from taxable income. To give you an idea of the advantage of saving through before-tax contributions to the TSP, let us suppose, for simplicity, that you earn $30,000 a year and that you are in the 15 percent tax bracket. If you contribute 5 percent each month (or $1,500 per year) to your TSP account, you will **save $225** in Federal taxes (15% × $1,500 = $225). If you had simply deposited the $1,500 in a regular savings account, you would have owed $225 in Federal taxes. Your tax savings will be even greater if the state in which you live (or of which you are considered a legal resident) permits exclusion of your TSP contributions from taxable income, as most states do.

What are the long-term benefits of tax-deferred contributions?

By contributing to the TSP, you defer (that is, postpone) paying Federal taxes on the money you contribute until you withdraw the funds from your TSP account. In addition, over the years, the money in your account will accrue earnings. These earnings are also tax-deferred. This means that you do not pay income taxes on your TSP account contributions and earnings until you receive the money — usually after you retire (when your tax bracket may be lower).

Deferring the payment of taxes means that more money stays in your account, working for you. The longer your money is invested, the greater the benefit of tax-deferred earnings will be.

Whether you can also defer state or local income taxes depends on the jurisdiction in which you live, although most states permit such deferral.

Tax-Exempt Contributions

When you serve in a combat zone or qualified hazardous duty area,[7] most compensation you receive for active service is excluded from your gross income on your IRS Form W-2, regardless of whether you contribute any of it to the TSP.[8] This compensation is sometimes called “combat zone pay.” All of an enlisted member’s and warrant officer’s compensation is eligible for the combat zone pay exclusion. Officers, however, may exclude no more than the highest rate of basic pay paid to each service’s senior enlisted member (and any hostile fire/imminent danger pay received by the officer).

In some cases, members who are serving outside a combat zone or qualified hazardous duty area but directly supporting operations in such a zone or area can also qualify for the combat zone tax exclusion.

You receive no direct tax benefit from contributing pay to the TSP which has been excluded from gross income; however, the earnings on those contributions are tax-deferred. At the time you withdraw your account, the TSP will calculate the amount of your withdrawal which is attributable to your tax-exempt contributions. That portion will not be taxable, but the earnings attributable to it will be.

When you make a withdrawal, money is taken from your total account balance proportionally from your taxable funds (i.e., your tax-deferred contributions and all earnings) and your tax-exempt funds.

Your service will notify the TSP whenever your contributions are from tax-exempt money. The TSP will then account for your tax-exempt contributions and, as indicated above, will ensure that these amounts are not reported to the IRS as subject to taxation when you withdraw them.

Your service can tell you more about combat zone/qualified hazardous duty area service and whether you qualify for the tax exclusion. (See also IRS Publication 3, *Armed Forces’ Tax Guide.*)

7. The President creates a combat zone by Executive Order; the Congress creates a qualified hazardous duty area by statute.

8. Internal Revenue Code section 112 provides the authority for this tax exclusion.

Understanding Matching Contributions

Who is entitled to receive matching contributions?

Under the law that extended the TSP to the uniformed services, the secretary responsible for that service may designate critical specialties for matching contributions. Members serving in these specialties who agree to serve on active duty for 6 years will be eligible for matching contributions.

The matching contributions apply only to amounts contributed from basic pay. If you do not contribute basic pay to the TSP, you will not be eligible to receive matching contributions. Matching contributions apply to the first 5 percent of pay that you contribute each pay period. Your contributions are matched dollar-for-dollar for the first 3 percent of pay you contribute each pay period and 50 cents on the dollar for the next 2 percent of pay.

Your service will not match the contributions that you make above 5 percent of your pay each pay period. However, you will still benefit from before-tax savings and tax-deferred earnings on these contributions. The fact that your service adds to your contributions will make your TSP account grow faster. Matching contributions can add up to 4 percent of your basic pay. Here’s how it works:

Percent Contributed to Member’s Account (Critical Specialties Only)

Member’s Contribution	Match	Total Contribution
0%	0%	0%
1%	1%	2%
2%	2%	4%
3%	3%	6%
4%	3.5%	7.5%
5%	4%	9%

Your service will notify you if you are in a critical specialty and eligible to receive matching contributions in exchange for your commitment to perform 6 years' service. (As of the date of this publication, matching contributions had not been authorized by any of the uniformed services.)

UNDERSTANDING YOUR TSP ACCOUNT

How will I get information about my account?

In May and November, the TSP record keeper will mail you a participant statement with information on your TSP account balance and a detailed summary of the activity in your account during the previous 6-month period. At any time, you may access your account on the TSP Web site or call the ThriftLine to learn your most recent month-end account balance. (See page 42.) If you are a new participant, your Personal Identification Number (PIN) for the TSP Web site and the ThriftLine will be mailed to you in your introductory letter after your first contribution is posted to your account.

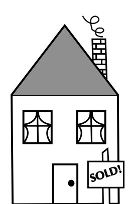
If you have a TSP loan, you will receive quarterly loan statements.

While you are employed — The leave and earnings statements that you receive from your service show the money that you contributed to your TSP account for the pay period. You should carefully review your leave and earnings statements and your TSP participant statements to make certain that the proper amounts are being contributed to your TSP account and that loan payments, if applicable, are being properly credited. In addition, you should check:

- Your Social Security number and date of birth, which identify your account
- Your address, to which your participant statement and other materials (including checks) are mailed
- The date of your beneficiary designation (if you have submitted Form TSP-U-3).

Your service provides the TSP record keeper with the information about you that is reported on your participant statement (except your beneficiary information). Report any change in your address to your service TSP representative. If there is a mistake in any of the personal information on your statement (or in your introductory letter, if you are a new participant), you should contact your TSP representative and ask that the mistake be corrected. While you are in the uniformed services, only your service can change the personal information needed to maintain your account. **Neither the Board nor the TSP record keeper can initiate changes to your personal information record while you are still in service.**

After you leave service — You will continue to receive semiannual participant statements and other mailings until you withdraw your entire TSP account balance. After you leave Federal service, the TSP Service Office is your primary contact for information about your account, including procedures to withdraw it. The address and phone number of the TSP Service Office are provided on the participant statements of separated employees. Keep the TSP Service Office informed of all changes in your address.



Make sure to keep your address correct for your TSP account. Otherwise, you may not receive your participant statement or other important mailings (including loan or withdrawal checks).

- **Currently employed participants:** Contact your service TSP representative to change your address.
- **Separated participants:** Submit Form TSP-U-9, Change of Address for Separated Participants, to the TSP Service Office, or write to the TSP Service Office. Your signed and dated letter must include your Social Security number, date of birth, and the account(s) affected by this change.

What if there is a mistake in the contributions to my account?

If there is a mistake in the amount of the contributions to your account, your service must initiate the necessary corrections, whether you are currently employed or are separated from service.

If your service makes errors, you may also be entitled to earnings lost to your account as a result. Your service must determine your entitlement to any lost earnings and must initiate payment of them. (Generally, however, your service may not pay lost earnings on contributions that it failed to deduct from your pay.) Report any errors in your TSP account to your service TSP representative.

If there is a mistake in the allocation of your contributions among the investment funds, you should contact the TSP Service Office.

All error corrections (and attributable lost earnings) will be reported on your semiannual participant statement.

Do I pay administrative expenses to cover TSP operating costs?

Yes. Major expenses of the TSP include the operating and development costs of the record keeper's computer system, the operations of the TSP Service Office, and the printing and mailing of publications and participant statements.

Two sources of funds are used to cover the expenses of the TSP. The first source is forfeitures of any nonvested Agency Automatic (1%) Contributions of FERS employees who leave Federal service before they are vested in the TSP.

The second source of funds is earnings on participants' accounts. Because forfeitures are not sufficient to pay all expenses, a portion of earnings is used to pay the balance of accrued administrative expenses. Accrued administrative expenses, after forfeitures, are deducted from the earnings of the G, F, C, S, and I Funds in proportion to the size of those funds. Investment management fees of the F, C, S, and I Funds are borne exclusively by the participants investing in those funds. (See "How are earnings allocated to my account?" below.) Information on TSP expenses is provided in the annual audited financial statements of the TSP, which are posted on the TSP Web site.

The effect of accrued administrative expenses (after forfeitures) on the rates of return of the five funds is measured by the expense ratio of each investment fund. The expense ratio for a fund is the total of accrued administrative expenses charged to that fund during the period divided by that fund's average balance for that period.

Your share of TSP net accrued administrative expenses is based on the size of your account balance. For example, the G Fund expense ratio was .05 percent in 2000. This means that in 2000, earnings in the G Fund were reduced approximately $0.50 for every $1,000 of G Fund account balance. The expense ratios for the G, F, and C Funds[9] for the last 10 years are as follows:

Year	G Fund	F Fund	C Fund
1991	.13%	.16%	.15%
1992	.13%	.15%	.14%
1993	.12%	.14%	.13%
1994	.10%	.12%	.11%
1995	.09%	.11%	.10%
1996	.08%	.10%	.09%
1997	.07%	.08%	.07%
1998	.06%	.08%	.07%
1999	.05%	.07%	.06%
2000	.05%	.07%	.06%

How are earnings allocated to my account?

Earnings are allocated to your account once a month. Monthly earnings for each investment fund are calculated based on your month-end balance as of the end of the prior month plus one-half of the total contributions and loan repayments (and any transfers or rollovers) credited to your account in the current month. This method treats all money payments to your account as if they were received in mid-month, no matter when they were actually received during the month.

Each fund's monthly earnings are reduced by the fund's proportionate share of net accrued administrative expenses. F, C, S, and I Fund earnings are also reduced by investment management fees. Each fund's net earnings are then allocated to individual accounts in proportion to the amounts the participant has invested in each fund. As a result, the actual return on investments to participants will generally be less than the total rates of return for the securities in which the various funds are invested.

9. Since the S and I Funds were not available before 2001, there are no historical administrative expenses for those funds.

The returns for all five funds are reported on a monthly basis on the ThriftLine and in the TSP Fact Sheet "G, F, C, S, and I Fund Monthly Returns," which is available on the TSP Web site and from your service TSP representative. The returns for the related indexes are also posted on the TSP Web site. For more information on how your earnings are calculated, download the TSP Fact Sheet "Calculating Participant Earnings on TSP Investments" from the TSP Web site or ask your service TSP representative for a copy.

PROJECTING YOUR ACCOUNT BALANCE

The size of your account balance depends on how much you (and your service, if you receive any matching contributions) contribute to your account and how your account grows as a result of earnings on your investments. To get an idea of what your TSP account could be in the future, look at the following projections.

Assume that you earn $26,000 each year, and that you receive no future salary increases. You choose to save 7 percent of basic pay each pay period. The growth projections below are for three assumed annual rates of return on your investments — 4 percent, 7 percent, and 10 percent.

Projected Account Balance of a Member Who Contributes 7% of $26,000 Annual Basic Pay

Account Balance After:	Account Balance at Assumed Annual Rates of Return (Compounded Monthly) 4%	7%	10%
5 Years	$10,140	$10,920	$11,700
10 Years	22,360	26,260	30,940
15 Years	37,440	48,100	62,920
20 Years	55,640	79,040	115,180
25 Years	78,000	122,980	201,240
30 Years	105,300	185,120	342,940
35 Years	138,580	273,260	575,900
40 Years	179,140	398,060	959,140

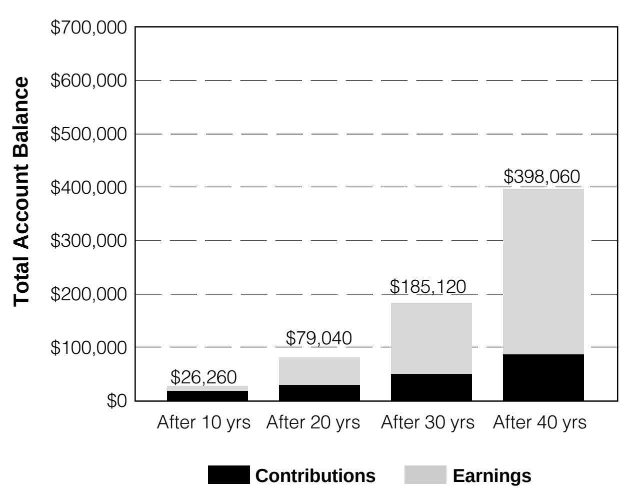
You should be aware that future inflation may erode the purchasing power of your projected account balance, and taxes must be paid when you receive the (tax-deferred) money. However, higher rates of inflation are often accompanied by higher pay increases and higher rates of investment return. The growth projections in these discussions do not represent predictions or estimates of inflation or TSP investment results. See pages 18–27 for a discussion of TSP investment options and their advantages, risks, and historical results.

Does it make a difference when I start contributing?

Yes. It is important to invest in your TSP account early in your working career. This is because the longer contributions stay in your account, the more you stand to gain. Your money makes money in the form of earnings, and those earnings in turn make money, and so on. This is what is known as the "miracle of compounding." As money grows in your account over time, the proportion due to earnings will become larger compared to that due to contributions.

In the example below, earnings are about 30 percent of a service member's account after 10 years (assuming a salary of $26,000, member contributions of 7 percent of basic pay, and a 7 percent annual rate of return). However, after 40 years, earnings account for about 80 percent of this member's TSP account.

Proportion of TSP Account Attributable to Earnings



How can I estimate my future TSP account balance?

The amount of your future TSP account depends on how much you contribute from this point on and how much is in your account now. You can estimate your future account balance using the CSRS calculator on the TSP Web site (see page 42) or the following tables and worksheet.

If you are a new participant, use Table A on page 16 to estimate what your TSP account would accumulate. (You can assume various levels of contribution and rates of return.) If you already have a TSP account, you can also use Table B to project how much the money already in your account will grow, based upon various rates of return. The worksheet on page 17 will help you with the calculations.

Using Table A — Select the section of the table that shows the rate of return that you want to use in your estimate — 4%, 7%, or 10% each year. Choose the percentage of your pay that you want to contribute to your TSP account each pay period and the number of years during which you will contribute. Find the figure in the column and row that correspond to your choices. Multiply your current annual basic pay by this figure. The result will be what you could expect future contributions and earnings in your TSP account to be at the end of your chosen period, if you receive no additional salary increases.[10]

Using Table B — Table B helps you project the growth of money already in your account. Table A does not take into account this growth; it only shows what future contributions will amount to. To see how much your current account balance will grow, find the column for the number of years you plan to keep your money in your account and select the factor for the rate of return you want to estimate — 4%, 7%, or 10%. Multiply that factor by your existing account balance.

To project your total account balance — add the result from Table B to your estimate of account growth from future contributions from Table A. (If you have both a uniformed services and a civilian account, you can add the results from both accounts for a grand total.)

10. If you receive matching contributions from your service, you will have to calculate those contributions separately, and add them to the total in Table A.

Table A. Factors to Estimate Growth of Future Contributions and Earnings (When Multiplied by Annual Salary)

If Investment Income Is Earned at ***4% Annual Rate of Return*** *(Compounded Monthly)*

If You Contribute One of These Percentages

Years You Contribute	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
5	0.06	0.11	0.17	0.22	0.28	0.33	0.39	0.44	0.50	0.55
10	0.12	0.25	0.37	0.49	0.61	0.74	0.86	0.98	1.10	1.23
15	0.21	0.41	0.62	0.82	1.03	1.23	1.44	1.64	1.85	2.05
20	0.31	0.61	0.92	1.22	1.53	1.83	2.14	2.45	2.75	3.06
25	0.43	0.86	1.29	1.71	2.14	2.57	3.00	3.43	3.86	4.28
30	0.58	1.16	1.74	2.31	2.89	3.47	4.05	4.63	5.21	5.78
35	0.76	1.52	2.28	3.05	3.81	4.57	5.33	6.09	6.85	7.61
40	0.98	1.97	2.95	3.94	4.92	5.91	6.89	7.88	8.86	9.85

If Investment Income Is Earned at ***7% Annual Rate of Return*** *(Compounded Monthly)*

If You Contribute One of These Percentages

Years You Contribute	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
5	0.06	0.12	0.18	0.24	0.30	0.36	0.42	0.48	0.54	0.60
10	0.14	0.29	0.43	0.58	0.72	0.87	1.01	1.15	1.30	1.44
15	0.26	0.53	0.79	1.06	1.32	1.58	1.85	2.11	2.38	2.64
20	0.43	0.87	1.30	1.74	2.17	2.60	3.04	3.47	3.91	4.34
25	0.68	1.35	2.03	2.70	3.38	4.05	4.73	5.40	6.08	6.75
30	1.02	2.03	3.05	4.07	5.08	6.10	7.12	8.13	9.15	10.17
35	1.50	3.00	4.50	6.00	7.50	9.01	10.51	12.01	13.51	15.01
40	2.19	4.37	6.56	8.75	10.94	13.12	15.31	17.50	19.69	21.87

If Investment Income Is Earned at ***10% Annual Rate of Return*** *(Compounded Monthly)*

If You Contribute One of These Percentages

Years You Contribute	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
5	0.06	0.13	0.19	0.26	0.32	0.39	0.45	0.52	0.58	0.65
10	0.17	0.34	0.51	0.68	0.85	1.02	1.19	1.37	1.54	1.71
15	0.35	0.69	1.04	1.38	1.73	2.07	2.42	2.76	3.11	3.45
20	0.63	1.27	1.90	2.53	3.16	3.80	4.43	5.06	5.70	6.33
25	1.11	2.21	3.32	4.42	5.53	6.63	7.74	8.85	9.95	11.06
30	1.88	3.77	5.65	7.53	9.42	11.30	13.19	15.07	16.95	18.84
35	3.16	6.33	9.49	12.66	15.82	18.98	22.15	25.31	28.47	31.64
40	5.27	10.54	15.81	21.08	26.35	31.62	36.89	42.16	47.43	52.70

Note: *These factors are based on payroll contributions every month.*

Table B. Factors to Estimate Growth of Existing Account Balance

Annual Rate of Return (Compounded Monthly)	Years Until You Withdraw Your Account							
	5	10	15	20	25	30	35	40
4%	1.22	1.49	1.82	2.22	2.71	3.31	4.05	4.94
7%	1.42	2.01	2.85	4.04	5.73	8.12	11.51	16.31
10%	1.65	2.71	4.45	7.33	12.06	19.84	32.64	53.70

Worksheet

Here's how the tables work: In the shaded columns, we have filled in examples from Tables A and B. Use the unshaded columns to fill in your own set of figures. Then, in the bottom part of the worksheet, combine the results of your two sets of calculations.

Using Table A: Growth of Future Contributions and Earnings	
Let's assume you choose to save 7% of your annual basic pay of $26,000.	Percentage you wish to save from your annual basic pay: = _______%
You want to know how much your account balance can be after 20 years of contributions.	Choose a projected period of _____ years (divisible by 5) during which you plan to contribute.
We'll assume an annual investment income of 7% on your savings.	Annual investment income you wish to assume (check one): ☐ 4% ☐ 7% ☐ 10%
Go to the second section of Table A (7% investment income), find the column for the 7% contribution rate, then locate the figure in the column for the 20-year contribution period. The figure is 3.04.	Find the appropriate investment income section of Table A. Figure from Table A for your chosen contribution percent and number of contribution years: = _______
Now, do the following: $26,000 (assumed annual basic pay) Times 3.04 (figure from table): The result is $79,040.	Now, do the following: Your annual basic pay: $_____________ Times figure from Table A: X _______ Projected result: $____________________ This is how much **your future contributions and earnings** will amount to. Stop here if you have never participated in the TSP.

Using Table B: Growth of Your Existing Account Balance	
Next, let's assume you already have $5,000 in your TSP account.	Amount you already have in your TSP account: = $______________
You want to know how much the money already in your account could amount to after 20 years.	Choose the same period of years that you used in projecting growth of your contributions with Table A: _____ years
We'll use the same assumed annual investment income of 7% on your savings as used in Table A.	Annual investment income you wish to assume (check one): ☐ 4% ☐ 7% ☐ 10%
Go to Table B and find the row for 7% annual rate of return. Then locate the figure in the column for the 20-year period. The figure is 4.04.	The figure from Table B for your assumed rate of return and number of years of account growth: = _______
Now, do the following: $5,000 (already in your account) Times 4.04 (figure from table): The result is $20,200.	Now, do the following: Amount already in your account: $________________ Times figure from Table B: X _______ Projected result: $____________________ This is how much the **money already in your account** will amount to.

Result: Projecting Your Total TSP Account Balance			
Add the results from Table A	$79,040	Add your results from Table A	$_______________
and		and	
Table B	$20,200	Table B	$_______________
to see your total estimated TSP account balance:	$99,240	to see **your total estimated TSP account balance**:	$_______________

YOUR INVESTMENT OPTIONS

You can invest any portion of your account in the five TSP investment funds:

- Government Securities Investment (G) Fund
- Fixed Income Index Investment (F) Fund
- Common Stock Index Investment (C) Fund
- Small Capitalization Stock Index Investment (S) Fund
- International Stock Index Investment (I) Fund

You can allocate any whole percentage of your **future payroll contributions** to any of the TSP investment funds by making a contribution allocation. (See page 8.) You can redistribute your **existing account balance** among the five funds by making an interfund transfer. (See page 27.)

Before you make your investment decision, read this section carefully. It describes the five investment funds and their advantages, risks, and performance. Your account is invested for your retirement, and you should make your investment decisions with this long-term goal in mind.

More information on the G, F, C, S, and I Funds is contained in the booklet *Guide to TSP Investments*, which is available on the TSP Web site in Forms & Publications or from your service TSP representative.

Who manages the TSP investment funds?

The Federal Retirement Thrift Investment Board manages the G Fund. The Board currently has contracts with Barclays Global Investors (BGI), a company owned by Barclays PLC, a publicly listed financial services holding company based in London, England, to manage the F, C, S, and I Fund assets. Barclays invests the F, C, S, and I Fund assets in index funds open only to employee benefit plans. (These index funds are not open to individual investors.)

How will I get up-to-date information about the performance of the TSP investment funds?

There are several sources of information about the investment performance of the TSP funds. You can obtain the rates of return for the most recent month and the most recent 12-month period from the TSP Web site or the ThriftLine. (See page 42.) You can also obtain historical rates of return for the funds and their related indexes from the Web site. Returns for each fund are updated monthly.

Every month the Board publishes the TSP Fact Sheet "G, F, C, S, and I Fund Monthly Returns," which is available on the Web site or from your service. The fact sheet contains the monthly returns for the TSP funds. It also provides the returns for the funds for the last 12 months and the annual returns for recent years. The version on the TSP Web site also provides returns for the indexes that the investment funds track.

Your service will distribute the leaflet *TSP Open Season* to all members every open season. This leaflet updates the 10-year investment performance information that is contained in this Plan Summary and provides the most recent annual returns for the five TSP funds.

Finally, as a participant, you will receive the newsletter *TSP Highlights* with your semiannual participant statements. The *TSP Highlights* shows the performance of the five funds over the past 12 months, and provides a 10-year history of the funds and/or the related securities and indexes.

What do the earnings on the TSP investment funds consist of?

G Fund earnings consist of interest paid daily by the U.S. Government on the G Fund securities.

Earnings in the F, C, S, and I Funds are the result of the following five components:

- Capital gain (or loss) on securities held in the related index fund — i.e., the net change in the prices of the stocks or bonds held in the related index fund from the previous period's prices, as well as any gain (or loss) on their sale, net of trading costs charged to the related index funds

- Interest or dividend income on the securities held in the related index fund
- Gain (or loss) on the sale of related index fund shares (as distinct from the sale of securities held in the related index fund)
- Income from securities lending, i.e., the short-term lending of stocks or bonds held in the related index fund to a select group of brokers, who put up collateral (primarily cash and Treasury securities) for the borrowed securities. The cash collateral is invested and produces income
- Interest on money awaiting investment in the related index fund, or pending disbursement, which is held in G Fund securities.

The earnings on all five funds are reduced by TSP administrative expenses. (See page 13.) In addition, the earnings on the F, C, S, and I Funds are reduced by each of the following costs attributable to each fund:

- Investment management fees charged by the investment manager
- Trading costs associated with the purchase or sale of related index fund shares, which reduce the amount invested in the stock or bond market, thus reducing the total return.[11]

How will the performance of the TSP funds compare to the performance of their respective indexes?

The F, C, S, and I Funds are intended to track the performance of their respective indexes; however, from month to month, the returns of the TSP funds may differ from the returns of their respective indexes. There are four major reasons for these differences:

- The returns for the TSP funds are shown after accrued TSP administrative expenses, investment management fees, and trading costs have been deducted. The returns of the corresponding indexes do not reflect any such expenses.
- The F, C, S, and I Fund monthly returns are dollar-weighted, which means that their monthly returns reflect net earnings on the changing balances invested during the month. The returns of the related index funds are time-weighted. This means they assume constant dollar balances throughout the month.
- Some TSP money is invested in G Fund securities while awaiting investment in one of the four related index funds, or to make cash available to pay loans and withdrawals from the TSP. This may also result in slight differences between returns of the TSP funds and the returns of their respective indexes.
- There may be differences between the returns of the related index funds in which the TSP funds are invested and the indexes themselves.

The TSP Fixed Income Funds

What is the G Fund?

The G Fund consists exclusively of investments in short-term, nonmarketable U.S. Treasury securities specially issued to the TSP. G Fund investments earn interest at a rate that is equal, by law, to the average rate of return on outstanding U.S. Treasury marketable securities with 4 or more years to maturity. Currently, the maturities of the securities in the G Fund range from one day (on business days) to 4 days (over holiday weekends).

What are the advantages and risks of investing in the G Fund?

There is no *credit risk* (that is, risk that principal or interest will not be paid) for the Treasury securities in the G Fund. They are guaranteed by the full faith and credit of the U.S. Government.

Because of the Board's current policy of investing only in short-term securities, there is also no *market risk* in the G Fund. Market risk is the risk of fluctuations in the value of securities which result from changes in overall market rates of interest. The value of fixed-income investments decreases

11. Because of the large size of the related index funds in which the TSP funds are invested, purchases or sales of index fund shares may be fully exchanged with shares being sold or purchased by other investors in the related index funds. As a result, trading costs for all of the TSP funds are expected to be low.

as the general level of interest rates in the economy rises; it increases as interest rates fall. Market risk is greater for longer-term investments, such as those in the F Fund. Therefore, if you want low risk, the G Fund may be the most appropriate investment fund for you. However, G Fund rates of return may well be lower than those of the other TSP funds over the long term.

As a result of the G Fund rate calculation and the Board's policy of investing exclusively in short-term securities, investors receive a longer-term rate on short-term securities, and at the same time avoid the market risk associated with longer-term securities.

How has the G Fund performed?

The 1991– 2000 rates of return for the G Fund are presented in the following table. The table also presents the calendar-year total rates of return for the last 10 years for G Fund-related securities, based on the monthly rates (compounded) for such securities. There is no assurance that future rates of return for the G Fund will replicate any of these rates.

Year	G Fund*	Related Securities**
1991	8.15%	8.26%
1992	7.23%	7.32%
1993	6.14%	6.23%
1994	7.22%	7.29%
1995	7.03%	7.10%
1996	6.76%	6.80%
1997	6.77%	6.80%
1998	5.74%	5.77%
1999	5.99%	6.03%
2000	6.42%	6.42%
1991 – 2000 compound annual rate of return	6.74%	6.80%

* Returns are stated after deducting TSP administrative expenses.

** Calculated by the Board based on the statutory rate of return.

What is the F Fund?

The Fixed Income Index Investment (F) Fund is the TSP's bond market fund. The objective of the F Fund is to match as closely as possible the returns of the Lehman Brothers U.S. Aggregate (LBA) index, an index that represents the U.S. Government, mortgage-backed, corporate (U.S. and non-U.S.), and foreign government[12] securities sectors of the fixed-income securities market; it thus tracks the overall performance of the U.S. bond market. Fixed-income securities represent obligations of issuers (borrowers) to repay the amount borrowed (the principal) to holders of the securities when the securities mature. "Fixed-income" refers to the fact that the coupon rate (annual interest rate) of each such security is set, or "fixed," in advance. These securities usually pay interest semiannually until maturity.

The F Fund is invested in shares of the Barclays U.S. Debt Index Fund, a commingled bond index fund which holds a representative sample of the bonds in the LBA index. A commingled fund is a fund in which the assets of many plans are combined and invested together.

Because the LBA index contains a large number of securities, it is not feasible for the Barclays U.S. Debt Index Fund to invest in each security in the index. Instead, a mathematical model is used to select a representative sample of the various types of U.S. Government, mortgage-backed, corporate, and foreign government sector securities included in the overall index. A small portion of the Barclays U.S. Debt Index Fund is invested in short-term Treasury securities to provide liquidity.

The F Fund's related LBA index fund uses a "passive" investment strategy of replicating the performance of the LBA index, rather than an "active" investment strategy, in which the fund manager selects bonds on the basis of economic, financial, and market analyses. The performance of the related LBA index fund is evaluated by comparing how closely its returns match those of the LBA index.

The investment manager lends notes and bonds in its LBA index fund to a select group of brokers on a short-term basis, as described on page 19. The securities lending program has largely offset investment management fees and has thus reduced costs.

12. This includes the securities issued by sovereigns, multilateral lending institutions, foreign agencies, and foreign local governments.

F Fund contributions are generally invested in the related LBA index fund regardless of gains or losses in the bond market. The F Fund also includes temporary investments in G Fund securities, as explained on page 19.

What is the LBA index?

The LBA index was designed to measure the performance of the major bond markets in the United States, and therefore represents the broadest sectors of the fixed-income market. As of December 31, 2000, the index included 6,097 notes and bonds, and the average maturity of the securities in the index was approximately 8.4 years.

In dollars, U.S. Government obligations are approximately 38 percent of the LBA index. Of this, the Treasury portion — approximately 27 percent of the index — consists of virtually all public obligations of the U.S. Treasury with maturities greater than one year. The Government-sponsored enterprise portion, approximately 11 percent of the index, comprises the publicly issued obligations of entities such as the Federal Home Loan Bank System and the Federal Farm Credit Bank System.

The corporate sector, approximately 22 percent of the LBA index, contains all publicly issued, fixed-rate, investment-grade securities of both U.S. and non-U.S. companies in many different industries. (Investment-grade securities are those rated at least Baa3 by Moody's Investors Service or BBB– by Standard & Poor's Corporation.)

Mortgage-backed securities constitute approximately 37 percent of the LBA index. They include fixed-rate, pass-through securities backed by residential mortgage pools of the Government National Mortgage Association (GNMA or Ginnie Mae), Fannie Mae, and the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac). Mortgage-backed pass-through securities are those in which investors own an interest in a pool of mortgages; investors receive a proportional share of the monthly payments of mortgages in the pool. The mortgage-backed securities sector also includes commercial mortgage-backed securities.

The mortgage pools underlying Ginnie Mae pass-through securities contain FHA-insured or VA-guaranteed mortgages. Ginnie Mae guarantees the payment of principal and interest on its pass-through securities, and thus these securities are backed by the full faith and credit of the U.S. Government. Ginnie Mae pass-through securities represent approximately 23 percent of the mortgage-backed securities sector.

Fannie Mae and Freddie Mac pass-through securities are based on pools of single-family residential mortgages and represent approximately 40 and 32 percent, respectively, of the mortgage-backed securities sector. Both Fannie Mae and Freddie Mac guarantee the payment of principal and interest on their pass-through securities.

Fannie Mae and Freddie Mac are Government-sponsored enterprises — private companies with a Federal charter. However, because Fannie Mae and Freddie Mac mortgage-backed securities are not explicitly guaranteed by the U.S. Government, yields on these securities are slightly higher than the yields on Ginnie Mae mortgage-backed securities.

Commercial mortgage-backed securities represent 5 percent of the mortgage-backed securities sector. They are issued by private corporations and are backed by commercial real estate mortgages. Commercial mortgage-backed securities are not guaranteed by agencies of the U.S. Government or Government-sponsored enterprises. However, virtually all of the commercial mortgage-backed securities included in the LBA are the highest rated (rated Aaa by Moody's Investors Services or AAA by Standard & Poor's Corporation).

The foreign government sector includes U.S. dollar-denominated securities issued or guaranteed by foreign or international entities (sovereigns, multilateral lending institutions, foreign agencies, and foreign local governments) which are traded in the United States. The foreign government sector is approximately 3 percent of the LBA index.

The securities in the U.S. Government, corporate, and foreign government sectors of the LBA index generally pay interest through semiannual payments and return principal at maturity; mortgage-backed securities payments are made monthly and contain both interest income and a return of principal.

What are the advantages of investing in the F Fund?

The F Fund holds shares in a well-diversified portfolio of high-quality (that is, low credit risk) fixed-income securities with a broad range of issuers, industries, and maturities. It gives participants the opportunity to diversify their investments by participating in the overall U.S. bond market. It also offers the opportunity for a higher rate of return than the G Fund over the long term, especially in periods of generally declining interest rates. At such times, the values of the longer-term bonds in the underlying index fund should increase, unlike those of the shorter-term securities held by the G Fund. The F Fund also benefits from relatively low investment management fees and trading costs.

What are the risks of investing in the F Fund?

The risks associated with the F Fund are credit risk, market risk, and prepayment risk. *Credit risk* is the risk that an issuer of a fixed-income security will fail to pay interest or principal. There is no credit risk for the Treasury securities in the underlying index fund. Credit risk is of concern primarily with the corporate bond holdings of the underlying index fund and, to some degree, with certain mortgage-backed securities and Government-sponsored enterprise securities. However, credit risk in the F Fund is reduced because the holdings from any individual corporate issuer make up only a small part of the underlying index fund, and because all corporate securities are investment-grade securities. There are no high-risk "junk bonds" in the LBA index.

The F Fund also carries *market risk*, the risk that the market value of the investment may fluctuate as interest rates fluctuate. This risk is reduced by holding securities with shorter maturities, rather than holding only longer-term bonds. Nevertheless, market risk is a major influence on the returns of the F Fund because the average maturity of securities in the LBA bond index is approximately 8.4 years, as of December 31, 2000. If you compare the past performance table for the G Fund on page 20 (which is representative of general interest rate trends in the economy) with the LBA bond index as shown in the table on page 23, you can see that the index has generally benefited from declining interest rates in the economy in several recent years. The interest rate increases of 1994 and 1999, however, resulted in negative returns for the LBA index.

There is *prepayment risk* for mortgage-backed securities and for certain corporate bonds that may be "called," i.e., prepaid, by the issuers. For mortgage-backed securities, prepayment risk is the risk that during periods of declining interest rates, homeowners may refinance their high-rate mortgages and prepay the principal. Such prepayments generally have a negative effect on mortgage-backed securities, because cash from the prepayments must be reinvested in securities with lower yields. The result is that prices on mortgage-backed securities may not increase as much as the prices on other fixed-income securities. To compensate for prepayment risk, mortgage-backed securities generally have higher yields than securities of similar credit quality and maturity. Similar considerations apply to callable corporate bonds.

Thus, there is the potential for higher earnings with the F Fund than with the G Fund, but there is also a greater risk of loss. There is no assurance that past rates of return of the F Fund will be replicated in the future. You must decide what investment mix is appropriate for your situation and the level of risk you are willing to tolerate. If you choose to invest in the F Fund, you must formally acknowledge that you understand and accept the risks involved.

How has the F Fund performed?

The total F Fund return consists of the components described in "What do the earnings on the TSP investment funds consist of ?" on pages 18 and 19.

The 1991 – 2000 F Fund rates of return are presented in the following table. The table also shows the calendar-year total rates of return for the LBA bond index for the last 10 years.

Year	F Fund*	LBA Bond Index**
1991	15.75%	16.00%
1992	7.20%	7.40%
1993	9.52%	9.75%
1994	– 2.96%	– 2.92%
1995	18.31%	18.47%
1996	3.66%	3.63%
1997	9.60%	9.65%
1998	8.70%	8.69%
1999	– 0.85%	– 0.82%
2000	11.67%	11.63%
1991 – 2000 compound annual rate of return	7.87%	7.96%

* Returns are stated after deducting TSP administrative expenses and F Fund management fees and trading costs.

** Calculated by Lehman Brothers.

The TSP Stock Funds

What are the advantages of investing in the TSP stock funds?

The C, S, and I Funds give TSP participants the opportunity to diversify their investments among a broad range of stocks. Returns of the various TSP funds can move up sharply with favorable changes in conditions affecting the U.S. economy, foreign economies, an industry, or an individual company.

In addition, because the C, S, and I Funds are invested in broad-based *index funds*, they provide the opportunity to earn the relatively high investment returns that are sometimes available from stocks, while at the same time lessening the effect of poor investment performance by an individual company or industry. Furthermore, the TSP funds have relatively low investment management fees and trading expenses, which means that the administrative expenses that are deducted from participants' accounts are very small.

What are the risks of investing in the TSP stock funds?

The value of stocks can decline sharply with unfavorable changes in economic conditions, an industry, or even an individual company. Depending on the size of the decline, the total return on the stocks held by a stock fund could be negative, resulting in a loss to the fund holder. This is true whether the stocks held by a stock fund are intended to replicate the performance of an index, or otherwise.

There is no assurance that future rates of return for the TSP stock funds will replicate any of the historic rates of return for those funds. If you choose to contribute to any of the TSP stock funds — the C, S, or I Fund — you must formally acknowledge that you understand and accept the risks involved.

What is the C Fund?

The C Fund is the TSP's large-company U.S. stock fund. It is invested primarily in shares of the Barclays Equity Index Fund, a commingled stock index fund that tracks the Standard & Poor's 500 (S&P 500) stock index.

The Barclays Equity Index Fund holds common stocks of all the companies represented in the S&P 500 index. A small portion of the Equity Index Fund assets is invested in S&P 500 index futures contracts to provide liquidity.

Thus, the Equity Index Fund uses a "passive" investment strategy of replicating the performance of the S&P 500 index, rather than an "active" investment strategy, which bases the selection of stocks on economic, financial, and market analyses. The performance of the Equity Index Fund is evaluated by comparing how closely its returns match the returns of the S&P 500 index. Standard & Poor's calculates and publishes total rates of return for the S&P 500 index monthly.

The securities lending program of the Equity Index Fund has largely offset investment management fees and has thus reduced costs. (See page 19.)

C Fund contributions are invested in the Equity Index Fund regardless of gains or losses in the stock market. The C Fund also includes temporary investments in G Fund securities, as explained on page 19.

What is the S&P 500 index?

The S&P 500 index, introduced in 1957, was designed by Standard & Poor's Corporation to provide a representative measure of stock market performance. The index includes common stocks of 500 companies that are traded in the U.S. stock markets, primarily on the New York Stock Exchange. As of December 31, 2000, these stocks represented 107 separate industries grouped into four major sectors: industrials, utilities, financial, and transportation. The stocks in the S&P 500 index make up approximately 77 percent of the value of the U.S. stock markets.

The 500 companies in the index are selected by S&P primarily based on the companies' representation of their industry groupings. S&P does not select companies because the firms are expected to have superior stock price performance relative to the stock market in general or to other stocks. S&P's sole objective is to maintain the S&P 500 index as a representative measure of U.S. stock market performance. If a company in the S&P 500 index is taken over or merged with another company, S&P will remove the company from the index and add another firm in its place. Although mergers and acquisitions are the most common reasons for changes to the S&P 500 index, S&P also removes from the index companies that file for protection under Chapter 11 of the Federal bankruptcy laws because of financial failure.

The weightings of stocks in the S&P 500 index are based on each stock's total market value (that is, its market price per share times the number of shares outstanding) relative to the market value of the other stocks in the index. The S&P 500 is considered a "big company" index, and the largest companies in the index represent the largest portion of the index. As of December 31, 2000, the 100 largest companies in the S&P 500 represented 72 percent of the S&P 500 market value. The Barclays Equity Index Fund, in which the C Fund invests, holds the S&P 500 stocks in virtually the same weightings as they are represented in the S&P 500 index.

What are the advantages of investing in the C Fund?

The general advantages of investing in the C Fund are outlined in "What are the advantages of investing in the TSP stock funds?" on page 23. In particular, the C Fund gives participants the opportunity to diversify their investments and, indirectly, to own shares in a variety of large companies that are traded in the U.S. stock markets.

What are the risks of investing in the C Fund?

The risks of investing in the C Fund are the same as for any stock index fund, as explained in "What are the risks of investing in the TSP stock funds?" on page 23.

Only you can decide whether an appropriate mix of investments for your circumstances includes a C Fund investment.

How has the C Fund performed?

The total return for the C Fund consists of the components described in "What do the earnings on the TSP investment funds consist of?" on pages 18 and 19.

The 1991–2000 C Fund rates of return are presented in the table below. The table also shows the calendar-year total rates of return for the S&P 500 index for the last 10 years.

Year	C Fund*	S&P 500 Index**
1991	30.77%	30.47%
1992	7.70%	7.62%
1993	10.13%	10.08%
1994	1.33%	1.32%
1995	37.41%	37.58%
1996	22.85%	22.96%
1997	33.17%	33.36%
1998	28.44%	28.58%
1999	20.95%	21.04%
2000	– 9.14%	– 9.10%
1991 – 2000 compound annual rate of return	17.43%	17.46%

* Returns are stated after deducting TSP administrative expenses and C Fund management fees and trading costs.

** Calculated by Standard & Poor's.

What is the S Fund?

The Small Capitalization Stock Index Investment (S) Fund is the TSP's medium and small company stock fund. The objective of the S Fund is to track the returns of the Wilshire 4500 stock index, which includes those U.S. stocks that are not found in the S&P 500 index.

The S Fund meets this objective by investing in shares of the Barclays Extended Market Index Fund, which holds common stocks of companies in the Wilshire 4500 index. A small portion of the Barclays Extended Market Index Fund is invested in futures contracts to provide liquidity. Because it is not feasible to buy all of the stocks in the index, Barclays buys these stocks in the following way:

Barclays buys stocks of all the companies in the index with market values (i.e., a company's market price per share multiplied by the number of shares outstanding) greater than $1 billion. Barclays buys the stock of a company in the same proportion as the market value of that stock relative to the market value of the rest of the index. For stocks with market values below $1 billion, Barclays uses a sampling technique to select stocks that represent the various industry sectors that the Wilshire 4500 index comprises. The Barclays Extended Market Index Fund held approximately 3,467 stocks as of December 31, 2000.

The securities lending program for the Barclays Extended Market Index Fund is expected largely to offset investment management fees for the S Fund and thus reduce costs.

S Fund contributions are invested in the Barclays Extended Market Index Fund regardless of gains or losses in the stock market. The S Fund also includes temporary investments in G Fund securities, as explained on page 19.

What is the Wilshire 4500 index?

The Wilshire 4500 index, computed and published by Wilshire Associates, includes the common stocks (excluding the stocks in the S&P 500 index) of all U.S. companies which are actively traded in the stock markets on a daily basis. The Wilshire 4500 actually contains more than 4,500 securities, as there are more than 4,500 non-S&P 500 companies on the U.S. stock exchanges. As of December 31, 2000, the index included 6,158 companies.

The weightings of the stocks in the Wilshire 4500 index are based on each company's total market value in relation to the market value of the other companies represented in the index. As of December 31, 2000, the largest 100 companies in the Wilshire 4500 index represented 30 percent of the Wilshire 4500 market value.

What are the advantages of investing in the S Fund?

The general advantages of investing in the S Fund are outlined in "What are the advantages of investing in the TSP stock funds?" on page 23. The S Fund gives TSP participants the opportunity to diversify their investments by owning, indirectly, a broader range of U.S. company stocks than are available in the C Fund alone.

What are the risks of investing in the S Fund?

The risks of investing in the S Fund are the same as for any stock index fund; these risks are outlined in "What are the risks of investing in the TSP stock funds?" on page 23. In addition, historically, stocks of mid-size and smaller companies tend to be more volatile in price and therefore potentially riskier than stocks of the larger companies in the C Fund's S&P 500 index.

Only you can decide whether your TSP account should include an S Fund investment.

How has the S Fund performed?

Because the S Fund is new, there are no historical performance data for it. However, there are historical returns for the Barclays Extended Market Index Fund, in the shares of which the S Fund is invested.

The following table shows the rates of return for the Barclays Extended Market Index Fund and for the Wilshire 4500 stock index from 1991 through 2000.

Year	Extended Market Index Fund*	Wilshire 4500 Index**
1991		43.45%
1992		11.87%
1993	13.54%	14.57%
1994	– 3.22%	– 2.66%
1995	33.65%	33.48%
1996	18.52%	17.18%
1997	26.61%	25.69%
1998	7.51%	8.63%
1999	32.70%	35.49%
2000	– 8.76%	– 15.76%
1993 – 2000 compound annual rate of return	14.08%	13.32%
1991 – 2000 compound annual rate of return		15.87%

* Fund inception date was December 31, 1992. Returns before December 1, 1998, when the structure of the Extended Market Index Fund was changed, reflect returns of the BGI fund deemed most equivalent to the current structure.

** Calculated by Wilshire Associates.

What is the I Fund?

The I Fund is the TSP's international stock index fund. The objective of the I Fund is to track the returns of the Morgan Stanley Capital International EAFE (Europe, Australasia, and Far East) stock index, an index that tracks the overall performance of the major companies and industries in the European, Australian, and Asian stock markets.

The I Fund is invested in shares of the Barclays EAFE Index Fund, which holds common stocks of all of the companies represented in the EAFE index, and which uses a passive investment strategy of replicating the performance of the index. A small portion of the Barclays EAFE Index Fund is invested in futures contracts to provide liquidity.

The securities lending program for the Barclays EAFE Index Fund is expected largely to offset investment management fees for the I Fund and thus reduce costs.

I Fund contributions are invested in the EAFE Index Fund regardless of gains or losses in the international stock markets. The I Fund also includes temporary investments in G Fund securities, as explained on page 19.

What is the EAFE index?

The EAFE index was developed by Morgan Stanley Capital International (MSCI) to provide broad coverage of the stock markets in the 21 countries represented in the index. For each country in the index, MSCI selects common stocks of companies that together represent 60 percent of the value of that country's stock market. As of December 31, 2000, the index included the stocks of 915 companies, representing 23 industry groups within 10 economic sectors.

Each country's weighting in the EAFE index is based on the total market value of its stock market (i.e., the market price per share times the number of shares outstanding) relative to the market value of the stock markets of the other countries in the index. In turn, the weightings of the stocks in the EAFE index are based on each stock's total market value relative to the market value of the other stocks of that country which are included in the index. Like the S&P 500, the EAFE index is considered a "big company" index containing large international companies, and the largest companies represent the largest portion of the index. As of December 31, 2000, the largest 100 companies in the EAFE index represented 61 percent of the EAFE market value. The Barclays EAFE Index Fund, in which the I Fund invests, holds the EAFE stocks in virtually the same weightings as they are represented in the EAFE index.

In December 2000, MSCI announced that it would be changing the composition of the EAFE index in two significant ways: First, the index weighting would no longer take into account the value of all of the outstanding shares of stock of the companies in the countries that are included in the index. Rather, it would take into account only the "free float" (i.e., freely traded) portion of each company's outstanding shares of stock. As a result, MSCI will adjust the value of each company's stock by subtracting "strategic holdings," which are shares that are not freely traded, including shares held by governments, controlling shareholders and their families, company management, and other companies.

Second, MSCI will increase from 60% to 85% the portion of each country's "free float adjusted" stock market value which will be included in the index. The changes to the index are scheduled to be implemented in two phases: the first phase to be implemented on November 30, 2001, and the second phase to be implemented on May 31, 2002. The changes announced by MSCI are expected to cause some additional trading costs to be incurred by the Barclays EAFE Index Fund. Barclays will take appropriate steps to minimize the impact of the MSCI changes.

What are the advantages of investing in the I Fund?

The general advantages of investing in the I Fund are outlined in "What are the advantages of investing in the TSP stock funds?" on page 23. The I Fund, in particular, gives TSP participants the opportunity to further diversify their investments by participating in international stock markets.

What are the risks of investing in the I Fund?

Most of the risks of investing in the I Fund are outlined in "What are the risks of investing in the TSP stock funds?" on page 23.

However, the I Fund also carries the risk of foreign currency fluctuations. The stock prices of the companies in the EAFE index are expressed in the currency of each respective country and then converted to U.S. dollars to determine the value of the EAFE index. Thus, the value of the EAFE index will rise as the value of the U.S. dollar falls — and fall as the value of the U.S. dollar rises — relative to the currencies of countries with companies that are represented in the EAFE index.

Historically, the stocks held by the Barclays EAFE Index Fund tend to be more volatile in price and, therefore, potentially riskier than the stocks held by the index funds underlying the C and S Funds, respectively. Only you can decide whether your TSP account should include an I Fund investment.

How has the I Fund performed?

Because the I Fund is new, there are no historical performance data for it. However, there are historical returns for the Barclays EAFE Index Fund, in the shares of which the I Fund is invested.

The following table shows the rates of return for the Barclays EAFE Index Fund and for the EAFE index from 1991 through 2000.

Year	EAFE Index Fund*	EAFE Index**
1991		12.19%
1992	– 9.92%	– 12.22%
1993	31.59%	32.68%
1994	7.64%	7.75%
1995	10.90%	11.27%
1996	6.27%	6.14%
1997	1.46%	1.55%
1998	20.46%	20.09%
1999	26.81%	26.72%
2000	– 14.11%	– 14.17%
1992 – 2000 compound annual rate of return	8.09%	8.15%
1991 – 2000 compound annual rate of return		8.23%

* Fund inception date was January 31, 1992.

** Calculated by Morgan Stanley Capital International.

INTERFUND TRANSFERS

What is an interfund transfer?

An interfund transfer is the movement of some or all of your existing account balance among the G, F, C, S, and I Funds. You may move all or part of the money in your account from one fund to any other fund or funds.

The TSP record keeper executes an interfund transfer in response to your request. You can only make changes in terms of the percentage of your total account balance that you want invested in each of the five funds after the transfer is completed. You cannot request to have a specific dollar amount of money moved.

An interfund transfer is different from a contribution allocation because the interfund transfer involves only money that is already in your account. It does not change the way new contributions are allocated to the five funds.

What information should I consider before I make an interfund transfer?

Before making an interfund transfer, you should consider carefully the advantages and risks involved in investing in each of the five TSP funds. Read the section of this booklet entitled "Your Investment Options," beginning on page 18.

The TSP is not responsible for investment results. The law requires that you sign a statement acknowledging that you understand and accept the risks of investing in the F, C, S, and I Funds before you may invest in any of these funds.

How often can I make a transfer?

The TSP record keeper processes interfund transfer requests monthly, effective as of the end of the month. You can make an interfund transfer in any month you wish, without an annual limit.

How do I make an interfund transfer?

The TSP Web site and the ThriftLine are the most efficient ways to request an interfund transfer. (See page 42.) With the Web site or the ThriftLine, your request is recorded immediately, avoiding mailing and processing time. If you have not previously invested in the F, C, S, or I Fund, you will be asked to acknowledge the risk of investing in these funds before you are allowed to proceed with your interfund transfer.

When you use the Web site or the ThriftLine, you will be asked for your Social Security number and your Personal Identification Number (PIN). (See page 41.) To request a transfer, follow the instructions and enter the percent of your total account balance that you want to have invested in each fund. Percentages can be stated in one percent increments and must total 100 percent. Whether you are using the Web site or the ThriftLine, be sure to follow the instructions to confirm the percentages or your transfer will not be effective.

You can also submit an interfund transfer request on Form TSP-U-50, Investment Allocation, and mail it to the TSP Service Office. You can obtain the form from your service or, if you have separated from service, from the TSP Service Office. **Do not submit an Investment Allocation form to your service.** Your service cannot process an interfund transfer; if you give your form to your service, your interfund transfer may be delayed.

When will my interfund transfer be effective?

Interfund transfer requests made on the Web site or the ThriftLine by midnight (central time) on the 15th of the month or on a Form TSP-U-50 that is received by the TSP Service Office by the 15th of the month are effective as of the last day of that month. If the 15th of the month falls on a weekend, holiday, or other nonbusiness day, the deadline will be the next business day. Requests made (or received by the TSP Service Office) after the deadline are effective as of the last day of the following month.

How will I know the result of an interfund transfer request?

When you request an interfund transfer on the Web site or the ThriftLine, the TSP record keeper will send you a confirmation of your request. It will confirm the percentages of your account balance that you asked to have invested in each of the five funds. You can also use the Web site or the ThriftLine to check on the status of an interfund transfer, even if you requested it on Form TSP-U-50.

After your transfer has been made, the TSP record keeper will send you a confirmation of the interfund transfer. This confirmation will show you the percentage and dollar distribution of your account balance in each of the five funds both before and after the transfer. The after-transfer percentages on your confirmation notice should be the same as those you requested on the Web site, the ThriftLine, or Form TSP-U-50.

Can I cancel or change an interfund transfer request?

Yes. You can use the Web site, the ThriftLine, or Form TSP-U-50 to change a pending interfund transfer request, but only up to the deadline for your original request. The TSP will send you a confirmation of the new request. If you request a change after the deadline, your original request will be processed as scheduled. The second change you requested will be made effective one month later. A cancellation cannot be requested after the deadline.

By using the Web site or the ThriftLine for all of your interfund transfer activity, you can make, change, or cancel a pending interfund transfer request right up to the deadline on the 15th of the month.[13] On the other hand, if you make a request on Form TSP-U-50, you may not be able to cancel it using the Web site or the ThriftLine because the data on your form may not be entered into the system in time for you to change it before the deadline. You should not mix paper requests with Web site or ThriftLine requests.

You can also cancel a pending interfund transfer request by writing to the TSP Service Office, as long as your letter is received by the deadline for the month in which the transfer would have been effective. You must sign your letter and include your Social Security number and date of birth. You should also provide your daytime telephone number. You will receive notice of the cancellation.

What if I have questions about an interfund transfer?

You can learn the status of your interfund transfer request on the Web site or the ThriftLine. If you have questions about the interfund transfer process, contact the TSP Service Office. Your service is not involved in processing interfund transfers and cannot answer questions about your interfund transfer.

13. However, it is not advisable to wait until the deadline, in case you are for any reason unable to gain access to the TSP system to enter your request. We cannot guarantee that the system will be available at all times, especially right before the deadline, when usage may be high.

TSP Loan Program

Who can get a TSP loan?

While you are still a member of the uniformed services, the TSP loan program gives you access to the money that you have contributed to your TSP account and the earnings on that money. You must be in pay status to obtain a loan, because you repay your TSP loan through payroll allotments. You cannot borrow any matching contributions in your account or any earnings attributable to those contributions.

Reservists who drill only monthly (or less) should think seriously before taking a loan because they may be unable to repay the loan in the time frame required by the Internal Revenue Code (IRC). This could result in serious tax consequences. See the TSP *Loan Program* booklet for more information.

What types of loans are there?

There are two types of loans — a general purpose loan and a loan for the purchase of your primary residence. You can apply for a general purpose loan for a repayment period of 1 to 4 years, or you can apply for a residential loan for a repayment period of 1 to 15 years.

No documentation is required for a general purpose loan, but you must submit documentation (such as a contract for the purchase of your residence) to support the amount you are requesting for a residential loan.

How many loans can I have at one time?

You can have two loans outstanding from a TSP account at any one time. However, you can have only one residential loan outstanding from a single TSP account at a time.

What are the minimum and maximum amounts I can borrow?

The **minimum** loan amount is $1,000. Therefore, you must have at least $1,000 of your own contributions and earnings on those contributions in your TSP account to apply for a loan. The maximum loan amount is $50,000. However, the amount you can borrow may be less, depending on the amount you have contributed, any outstanding TSP loans, and limits set by the IRC.

If you have both a uniformed services and a civilian TSP account, your account balances will be combined for the purpose of determining the maximum amount you may borrow from either account. If you have tax-exempt money in your account (i.e., from combat zone pay, as discussed on page 11), the loan will be taken proportionally from the tax-deferred and tax-exempt money, and repayment will replenish the tax-deferred and tax-exempt balances in the same amounts.

To find out the amount you may be eligible to borrow from your TSP account or to check on the status of a loan application, visit the TSP Web site or call the ThriftLine. (See page 42.)

What will the interest rate be?

The interest rate for the life of a TSP loan is the latest available interest rate on the G Fund at the time your application is received at the TSP Service Office. The interest you pay on the loan will go into your TSP account, along with repayments of the loan principal. The TSP Web site or the ThriftLine will tell you the current interest rate for TSP loans. (See page 42.)

How does a loan affect my account?

Although funds are restored to your account when your loan payments are posted, borrowing from your account will affect the final account balance available for your retirement.

Because the five TSP investment funds have different rates of return, the interest you pay on your loan (at the G Fund rate) is likely to be different from the rates of return on the other four TSP funds. If you have invested in any fund(s) other than the G Fund, the earnings in your account when your loan is fully repaid are likely to be different from what your earnings would have been if you had not taken the loan.

Thus, even though you pay back your loan with interest, you may have less money in your account when you retire than if you had not borrowed from it. (For more information, read "The Cost of a Loan" on the TSP Web site or in the TSP *Loan Program* booklet.)

How do I apply for a loan?

Ask your service TSP representative for the *Loan Program* booklet or download it from the TSP Web site. The booklet explains the loan requirements and your obligations if you take a loan. It is important that you read the booklet before you apply for a loan.

To apply, download Form TSP-U-20, Loan Application, from the TSP Web site or ask your service TSP representative for a copy. Submit your application to the TSP Service Office at the address on the form. **Do not send your Loan Application to your service; only the TSP Service Office can process a TSP loan.** When your loan application is processed, the TSP Service Office will send you a Loan Agreement/Promissory Note which specifies the terms of your loan, a Loan Payment Allotment Form to authorize payroll deductions for loan payments, and, for residential loans, a form to document the amount you are requesting.

Does my spouse have to consent to my loan?

If you are married, the law requires that your spouse consent to your TSP loan. See "Spouses' Rights" on page 39. This requirement applies even if you are separated from your spouse.

How long does it take to get a loan?

You should anticipate that it will take 6 to 8 weeks from the time you submit your Loan Application until the time a check is mailed to you.

Loans are disbursed once a month. The month in which your loan is disbursed depends on when the TSP Service Office receives your completed and signed Loan Agreement/Promissory Note and your Loan Payment Allotment form (as well as any supporting documentation required for the approval of your residential loan). Generally, your loan will be disbursed early in the next month following the month in which it is approved.

How do I repay my loan?

Loans must be repaid through payroll allotments over the payment period specified in your Loan Agreement/Promissory Note.

If the record keeper does not receive payments from your service payroll office in accordance with the repayment schedule, you may have to reamortize your loan or repay the loan in full. Reamortization means that your loan payments will be recalculated based on a new balance (including interest owed for the period of missed or incorrect payments) and sometimes based on a new loan repayment period. You can repay the loan in full — plus any unpaid interest — before the end of your loan repayment schedule without penalty. The *Loan Program* booklet provides detailed information about reamortization and prepaying a loan in full.

If correct loan payments are not received from your service in accordance with the repayment schedule and you fail to reamortize your loan or to repay your loan within the required time frame, the TSP will declare a taxable distribution in the amount of the unpaid loan balance and any unpaid interest. The distribution will be subject to income tax for the year in which it is declared. (If any portion of your loan came from tax-exempt money, i.e., from combat zone pay, as discussed on page 11, there will be no income tax payable on that amount.) You may also be subject to the 10 percent IRC early withdrawal penalty tax on the taxable distribution. Once a distribution has been declared, you cannot repay your loan. In addition, you will not be eligible for another loan within 12 months of the date of your taxable distribution.

Thus, if your loan payments are incorrect or if they are missed for any reason (for example, error, leave without pay, or transfer to another service), you should contact your service and the TSP Service Office immediately. **You are responsible for repayment of your loan.**

If you leave the uniformed services, you **must** repay the loan in full, including interest on the outstanding balance up to the date of repayment. If you are requesting a withdrawal of your TSP account, delay in repaying your loan may affect the processing of your withdrawal. If you do not repay the loan within the required time frame, the TSP will declare a taxable distribution, as described above. If you have an outstanding TSP loan when you die, the TSP will also declare a taxable distribution of your outstanding loan balance.

If you separate from the uniformed services and join the Federal civil service, your outstanding loan(s) must be closed before you can transfer your uniformed services TSP account to a civilian TSP account.

In-Service Withdrawals

The TSP is a long-term retirement savings plan that provides special tax advantages. Limitations on withdrawals help ensure that retirement savings will be used for their intended purpose. Therefore, TSP participants who are still members of the uniformed services are limited to the following two types of in-service withdrawals:

- Age-based in-service withdrawals for participants who are 59½ or older.
- Financial hardship in-service withdrawals for participants who can document financial hardship.

You cannot return or repay the money you remove from your account, so you permanently deplete your retirement savings and future earnings on the amount withdrawn. If you are in pay status, before making an in-service withdrawal you should evaluate your options to see if a TSP loan would be more beneficial. (See "TSP Loan Program" on page 29.) If you have an outstanding TSP loan, making an in-service withdrawal will not eliminate the requirement for your loan payments to continue. (When you make an in-service withdrawal, the money is taken proportionally from the tax-deferred and any tax-exempt money in your account, i.e., from combat zone pay, as discussed on page 11.)

What are the rules for an age-based withdrawal?

Although few uniformed services members will serve beyond age 59½, those who subsequently enter the Federal civil service may continue to participate in the TSP. While you are employed by the Federal Government, you can make a one-time-only withdrawal of all or any portion of your vested account balance if you are 59½ or older. (If you have a uniformed services and a civilian TSP account, you can only make an age-based withdrawal from the account(s) associated with your current employment. Thus, if you are in Federal service and the Ready Reserve, you can make an age-based withdrawal from each of your TSP accounts.) Your request must be for at least $1,000 (or for your entire account balance, if it is less than $1,000).

If you make an age-based withdrawal from a TSP account, you will not be eligible for a partial withdrawal after you separate from service when this feature becomes available under the new record keeping system. (See page 42.)

What are the rules for a financial hardship withdrawal?

While you are employed by the Federal Government, you may be able to withdraw your own contributions and earnings for a documented financial hardship. (To determine whether you qualify for a financial hardship withdrawal and to estimate the amount for which you qualify, complete the worksheet provided in Form TSP-U-76, Financial Hardship In-Service Withdrawal Package.) You must request at least $1,000, and you cannot withdraw more than the amount of your documented need or the amount of your own contributions and earnings, whichever is smaller.

You will have to provide financial information about yourself and your spouse, if you are married. In addition, you will have to provide your most recent leave and earnings statement and supporting documentation of any extraordinary expenses related to your financial hardship.

After making a financial hardship withdrawal, you cannot contribute to your TSP account from any source of pay for 6 months. If you are eligible for service matching contributions, you will not receive them during that time.

At the end of the 6-month period, your contributions will not resume automatically. You must make a contribution election and file it with your service if you want to resume your contributions (you do not need to wait for an open season); your contributions will then be allocated according to your most recent contribution allocation.

You are eligible to request another financial hardship withdrawal 6 months after your previous one.

Do spouses' rights affect my in-service withdrawal?

Yes. If you are married, the law requires that your spouse consent to your in-service withdrawal. (See "Spouses' Rights" on page 38.) This right applies even if you are separated from your spouse.

How do I request an in-service withdrawal?

Before you apply for an in-service withdrawal, read the booklet *TSP In-Service Withdrawals.* Complete Form TSP-U-75, Age-Based In-Service Withdrawal Request, or Form TSP-U-76, Financial Hardship In-Service Withdrawal Request, depending on the type of withdrawal you are requesting. Both forms are available from the TSP Web site or from your service TSP representative.

If you want to transfer all or any portion of an age-based in-service withdrawal to an Individual Retirement Account (IRA) (other than a "Roth" IRA) or other eligible retirement plan,[14] have your financial institution complete Form TSP-U-75-T, Transfer of Age-Based In-Service Withdrawal.

If you have a pending application for another in-service withdrawal or for a TSP loan at the time

14. An "eligible retirement plan" is defined in section 402(c)(8) of the Internal Revenue Code. Generally, an eligible retirement plan is an Individual Retirement Account (IRA) (other than a "Roth" IRA) or an individual retirement annuity (other than an endowment contract); a qualified pension, profit-sharing, or stock bonus plan; or an annuity plan described in section 403(a) of the Internal Revenue Code. The IRA or plan to which your account is transferred must be a trust established inside the United States (i.e., the 50 States and the District of Columbia).

your request is received, your request will not be accepted. Only one request for an in-service withdrawal or a loan is permitted at a time.

How long does it take to get an in-service withdrawal?

In-service withdrawals are disbursed each month, so it may take up to 4 weeks from the time the TSP record keeper receives all of your required information until your in-service withdrawal is paid. Generally, in-service withdrawals are disbursed early in the next month following the month in which they are approved.

Withdrawals are paid directly to you except for any amount that you requested to have transferred to an IRA or other eligible retirement plan.

How will my in-service withdrawal be taxed?

An age-based in-service withdrawal payment is considered an “eligible rollover distribution” for Federal income tax purposes and, as such, is subject to **mandatory 20 percent Federal income tax withholding**. (There will be no withholding on any portion of your withdrawal that comes from tax-exempt money, i.e., from combat zone pay, as discussed on page 11.) However, you can avoid withholding on all or any portion of an age-based in-service withdrawal payment by transferring it directly to an IRA (other than a “Roth” IRA) or other eligible retirement plan. (See “What are my TSP withdrawal options?” and “How do I request a withdrawal of my TSP account?” on page 34.)

Also, if you make a financial hardship in-service withdrawal before age 59½, it will be subject to a 10 percent early withdrawal penalty tax. This penalty tax is in addition to the ordinary income tax you will have to pay. (There will be no penalty on any portion of your withdrawal that is exempt from taxes. See page 11.)

For more detailed information about the tax rules affecting in-service withdrawals, read the tax notice “Important Tax Information About TSP In-Service Withdrawal Payments,” which is attached to the forms you use to apply for your withdrawal. It is also available on the TSP Web site.

Getting Your Money Out After You Separate

You are eligible to withdraw your account when you separate from the uniformed services.

For the purposes of the TSP, either of the following actions will be considered a separation from the uniformed services:

- Discharge from active duty or the Ready Reserve
- Transfer to inactive status or to a retired list pursuant to any provision of U.S.C. title 10.

The discharge or transfer may not be followed, before the end of the 31- day period beginning on the day after the effective date of the discharge, by resumption of active duty, an appointment to a civilian position covered by the Federal Employees’ Retirement System, the Civil Service Retirement System, or an equivalent retirement system, or continued service in or affiliation with the Ready Reserve.

When you leave the uniformed services, your service must give you a Withdrawal Package, which includes TSP withdrawal forms and the booklet *Withdrawing Your TSP Account After Leaving Federal Service.* The booklet describes your TSP withdrawal options and the procedures for withdrawing your account. Your service must also provide you with a copy of the notice “Important Tax Information About Payments From Your TSP Account.”

If you have left the uniformed services and do not have these materials, download them from the TSP Web site, or call or write the TSP Service Office to request them. It is important that you **read these materials before you choose a withdrawal option**.

After your account has been disbursed, you cannot change your request. (However, if you are receiving a series of monthly payments, you can request at any time to have the balance of your account paid out in a single payment, or change where your payments are sent.)

What are my TSP withdrawal options?

The TSP provides three basic ways to withdraw your account:

- You may receive your account balance in **a single payment**.
- You may receive your account in **a series of monthly payments**. You have a choice as to how your payments will be calculated. You can choose to receive payments for a fixed number of months or in a fixed dollar amount until your account balance is depleted. You can also have the TSP compute monthly payments for you based on an IRS life expectancy table.
- You may have the TSP purchase **a life annuity** for you with your account balance. You have a choice of many different annuities. (See "TSP Annuities" on page 37.)

You can have the TSP transfer all or part of a single payment or, in some cases, a series of monthly payments, to an IRA (other than a "Roth" IRA) or other eligible retirement plan. (See footnote 14 on page 32.)

Tax penalties may apply if you separate or retire before the year in which you turn 55 and you withdraw funds before age 59½. (See "How will my TSP benefits be taxed?" on page 35.) Also, there are limits on how long you can leave your money in the TSP. (See "How long can I leave my money in the TSP?" and "What are 'required minimum distributions'?" on page 36.)

If your account balance is less than $5, it will be forfeited to the TSP automatically. You may subsequently request that this amount be paid to you.

What is an automatic cashout?

If your account balance is $3,500 or less and you do not submit a withdrawal request, the TSP will pay your account balance to you automatically in a single payment. The TSP will notify you before the payment is made and will give you the opportunity to choose another withdrawal option or to elect to leave your money in the TSP.

If you cannot be located, your account will be declared abandoned and it will be forfeited to the TSP. You may reclaim your abandoned account at a future date, but you will receive no earnings for the period during which it was abandoned.

An automatic cashout is subject to the same taxes as other cash payments from the TSP. (See "How will my TSP benefits be taxed?" on page 35.)

How do the rights of my spouse affect my withdrawal choice?

If you are a married participant with an account balance of more than $3,500, spouses' rights requirements will apply to your withdrawal choice. Your spouse (including a separated spouse) has the right to a joint and survivor annuity with a 50 percent survivor benefit, level payments, and no cash refund feature, **unless** your spouse signs a statement on Form TSP-U-70, Withdrawal Request, waiving his or her right to that annuity. (See "Spouses' Rights" on page 39.)

Spouses' rights requirements do not apply to post-separation withdrawals when your account balance at disbursement is $3,500 or less.

How do I request a withdrawal of my TSP account?

Complete Form TSP-U-70, Withdrawal Request, to specify the TSP withdrawal option you want. If the withdrawal you choose is eligible to be transferred to an IRA (other than a "Roth" IRA) or other eligible retirement plan and you wish to transfer some or all of the money, you and your financial institution will also need to complete Form TSP-U-70-T, Transfer Information, which is attached to Form TSP-U-70.

Send your forms to the TSP Service Office at the address on the forms. Only the TSP Service Office can process your Withdrawal Request. After you have left the uniformed services, the TSP Service Office will be your primary contact for information about your account and about withdrawal procedures.

Do not submit your Withdrawal Request before the date that you separate from service. Your service payroll office must report your separation and its effective date to the TSP record keeper before your withdrawal can be processed. It usually takes several weeks for services to send separation data to the record keeper.

How long does it take to make a withdrawal?

You should anticipate that it will take up to 4 weeks between the time that all required forms and information are submitted by you **and** your service and the time that payment is made to you. You may check on the status of your withdrawal request by visiting the TSP Web site or by calling the ThriftLine. (See page 42.)

The TSP record keeper disburses withdrawals once a month. The month in which your withdrawal is made depends on when the record keeper receives your completed forms and the separation information from your agency to approve your withdrawal. Generally, your withdrawal will be disbursed early in the next month following the month in which it is approved.

Can I withdraw my account if I rejoin the uniformed services or join the Federal civil service?

A separation from service for TSP purposes is 31 days. If you plan to rejoin the uniformed services or join the Federal civil service after 31 days, but you want to withdraw your account using one of the options for a separated participant, you must submit your completed withdrawal forms to the TSP Service Office soon enough for your withdrawal to be paid before you return to Federal service. If your break in service is less than 31 full calendar days, you are not eligible to withdraw your account as a separated TSP participant. However, in-service withdrawals are available under limited circumstances. (See page 31.)

How will my TSP benefits be taxed?

Generally, all of the money from your TSP account will be taxed as ordinary income for Federal tax purposes in the year (or years) that you receive it. This is because your contributions to your TSP account were taken out of your pay before your Federal income taxes were computed. Also, the earnings on your TSP account were not subject to Federal income tax while your money was in the TSP.

However, if you made any tax-exempt contributions to the TSP (i.e., from combat zone pay, as discussed on page 11), the portion of your withdrawal that represents the tax-exempt contributions will be free of tax. Earnings attributable to tax-exempt contributions, however, are taxable when withdrawn. If you receive matching contributions, these contributions and their attributable earnings are also taxable when withdrawn.

For example, suppose that over the course of your career you made $15,000 in ordinary contributions and $5,000 in contributions from tax-exempt combat zone pay, and that these contributions had earned $30,000 by the time you made your withdrawal. Your account balance at the time of your withdrawal would be $50,000. The $45,000 of ordinary contributions and the total earnings would be taxable, and the $5,000 in contributions from combat zone pay would be tax-free.

The way that you withdraw your account determines when you must pay the income tax on the taxable portion of your withdrawal. Because some withdrawal methods defer your receipt of the money from your account, your tax liability is also deferred. If you have the TSP transfer all or part of your payment(s) to an IRA or other eligible retirement plan, you will not pay Federal income tax until you receive payments from your IRA or plan. Therefore, there is no withholding at the time of the transfer. However, there is **mandatory 20 percent Federal income tax withholding** on certain payments that you receive directly. If you receive the money directly — even if you plan to roll it over to an IRA or other plan within 60 days of receiving the funds — the TSP must withhold 20 percent for Federal income tax.

In addition to the ordinary income tax that you pay on money you receive directly from your account, the IRS imposes a 10 percent early withdrawal penalty tax on otherwise taxable amounts that you receive from the TSP if you separate or retire **before the year in which you reach age 55** and you withdraw your account in a single payment or a series of monthly payments. In this case, you will be subject to the penalty tax on all amounts that you receive before age 59½ (including any financial hardship in-service withdrawals described on page 32). However, the penalty tax does not apply to a series of monthly payments based on life expectancy, nor is it imposed on annuity payments, payments made because of death, or payments made to participants who retire on disability.

If you separate or retire during or after the year in which you reach age 55, you will not be subject to the penalty tax on your withdrawal.

Members of the uniformed services routinely retire before age 55. Certain other participants may retire before age 55 under discontinued service or "early-out" provisions. Such participants (and others who separate before the year they become age 55) may want to consult their tax advisors regarding the applicability of the early withdrawal penalty rules before making a withdrawal choice.

For detailed information about the tax consequences of your withdrawal choice and tax withholding requirements, read the tax notice "Important Tax Information About Payments From Your TSP Account," which is available from the TSP Web site or your service TSP representative. State and local laws vary in the treatment of TSP withdrawals; you should consult your tax advisor or state or local tax authority concerning taxation of your withdrawal.

How long can I leave my money in the TSP?

If you do not want to withdraw your account when you leave the uniformed services, you can leave your entire account balance in the TSP. However, you must withdraw your entire balance in a single payment or begin receiving monthly payments from the TSP or from the TSP annuity vendor by April 1 of the calendar year following the calendar year you turn 70½ (or following the calendar year you separate, if you are already over age 70½ when you leave Federal service).

If you do not make a withdrawal election by the required deadline, your TSP account must be paid to you in the form of an annuity, as required by law. If you do not provide the necessary information for the TSP to purchase an annuity for you (and your spouse, if applicable), or if you cannot be located, your account will be declared abandoned. You may later reclaim your account and make an appropriate election, but you will receive no earnings from the date your account was declared abandoned.

What are "required minimum distributions"?

If you have separated from service, the IRS requires that you receive a certain portion of your tax-deferred account balance beginning in the year in which you become 70½. This portion, known as a "required minimum distribution," is based on life expectancy. If you do not make a full withdrawal or begin monthly payments in the year in which you become 70½, the TSP must make the required distribution to you before April 1 of the following year. When you choose a withdrawal option, the TSP will determine whether you are required to have a portion of your account paid directly to you as a minimum distribution. The TSP will notify you and make any minimum distribution payments to you as required.

To learn more about the minimum distribution requirement, read the tax notice "Important Tax Information About Your TSP Required Minimum Distributions," which is available from the TSP Web site, your service TSP representative, or the TSP Service Office.

What happens to my TSP account balance if I die?

If you die before your TSP account is completely withdrawn, the balance in your account will be distributed according to your most recent valid Designation of Beneficiary (Form TSP-U-3), if you completed one. (See "How do I designate beneficiaries for my TSP account?" on page 9.)

If you did not file Form TSP-U-3, your account will be distributed according to the order of precedence required by law: to your widow or widower; if none, to your child or children equally, and descendants of deceased children by representation; if none, to your parents equally or the surviving parent; if none, to the appointed executor or administrator of your estate; if none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death.[15]

In order for your account balance to be distributed after your death, Form TSP-U-17, Information Relating to Deceased Participant, must be submitted to the TSP Service Office with a copy of your death certificate.

If you die before you separate from service, your beneficiaries are entitled to your entire account balance. If you die after the TSP purchases an annuity for you, your benefits will be provided according to the annuity option that you selected. If you die while you are receiving your account balance in a series of monthly payments, your beneficiaries will receive the balance of your account in a final single payment.

Payments made directly to spouses of deceased participants are subject to 20 percent mandatory Federal income tax withholding (except for any portion attributable to tax-exempt contributions, i.e., from combat zone pay, as discussed on page 11). However, spouses of deceased participants can avoid the mandatory withholding and defer paying taxes on all or part of their payments by having the TSP transfer the payment amount(s) to an IRA (other than a "Roth" IRA) or to another eligible retirement plan **if** that plan permits such a transfer.

Payments to beneficiaries other than a spouse are subject to 10 percent withholding (except for any portion attributable to tax-exempt contributions); this withholding is optional and may be avoided. Payments to nonspouse beneficiaries cannot be transferred to an IRA or other eligible retirement plan.

15. For this order of precedence, a child includes a natural child and an adopted child, but does not include a stepchild who has not been adopted. A parent does not include a stepparent, unless your stepparent has adopted you. "By representation" means that if a child of the participant dies before the participant dies, that child's share will be divided equally among the deceased child's children, if any.

To learn more about the taxation of payments on the death of a participant, read the tax notice "Important Tax Information About Thrift Savings Plan Death Benefit Payments," which is available from the TSP Web site or your service TSP representative.

TSP Annuities

What is a TSP annuity?

A TSP annuity is a benefit paid each month to you (or to your survivor) for life. The TSP purchases the annuity on your behalf from its annuity provider, Metropolitan Life Insurance Company, with your account balance. Your account balance must be at least $3,500 at the time the TSP uses it to purchase an annuity.

What types of TSP annuities are available?

The TSP offers three basic types of annuities through Metropolitan Life:

- **Single life —** an annuity paid only to you during your lifetime.
- **Joint life with spouse —** an annuity paid to you while you and your spouse are alive. When either of you dies, an annuity will be paid to the survivor for the rest of his or her life.
- **Joint life with someone other than your spouse —** an annuity paid to you while you and a person chosen by you (but other than your spouse) are alive. This person must have an insurable interest in you. When either of you dies, an annuity will be paid to the survivor for life.

Joint life annuities may provide either a 100 percent or 50 percent survivor benefit. This means that monthly payments will either continue in the same amount (100 percent) or be reduced by half (50 percent) to you or to your joint annuitant when either one of you dies.

Several annuity features can be combined with the basic annuity types. These are increasing payments, cash refund, and 10-year certain payout:

- With increasing payments, the amount of the monthly payment may increase up to 3 percent each year, depending on the change in the consumer price index.
- With a cash refund, if you (and your joint annuitant) die before receiving payments equal to the amount of the account balance used to purchase the annuity, your designated beneficiary will receive a cash refund of the difference between the sum of the payments already made and the annuity purchase price.
- With a 10-year certain payout, you receive annuity payments for as long as you live. However, if you die within 10 years of the start of your annuity, your beneficiary receives the payments for the remaining portion of the 10-year period.

Not every feature can be combined with every basic annuity type. The chart below shows the various annuity options you can choose from.

Summary of Annuity Options

Single Life

Level Payments	Increasing Payments
• with no additional features • with cash refund feature • with 10-year certain feature	• with no additional features • with cash refund feature • with 10-year certain feature

Joint Life with Spouse

Level Payments	Increasing Payments
• 100% survivor annuity • 50% survivor annuity • 100% survivor annuity with cash refund feature • 50% survivor annuity with cash refund feature	• 100% survivor annuity • 50% survivor annuity • 100% survivor annuity with cash refund feature • 50% survivor annuity with cash refund feature

Joint Life with Other Survivor
(having an insurable interest)

Level Payments

- 100% survivor annuity*
- 50% survivor annuity
- 100% survivor annuity with cash refund feature*
- 50% survivor annuity with cash refund feature

* Person with insurable interest cannot be more than 10 years younger than participant.

How can I estimate my monthly annuity payments?

The amount of your monthly annuity payments depends to a large degree on the size of your TSP account balance. In addition, your annuity option and age (and your joint annuitant's age, in the case of a joint life annuity), as well as interest rates at the time that the TSP purchases your annuity, affect the monthly amount that you will receive.

You can use the worksheet in the booklet *TSP Annuities* to get an idea of what your monthly annuity payments might be. You can also use the Annuity Calculator on the TSP Web site. (See page 42.)

How will my annuity payments be taxed?

Your annuity payments (except for any portion attributable to tax-exempt contributions, i.e., from combat zone pay, as discussed on page 11) will be taxed as ordinary income in the years in which you receive them. The mandatory 20 percent Federal income tax withholding does not apply to annuity payments, and annuity payments are not subject to the IRS early withdrawal penalty. (See "How will my TSP benefits be taxed?" on page 42.)

How can I get more information about TSP annuities?

You can download the booklet *TSP Annuities* from the TSP Web site. You can also ask your service TSP representative for a copy; if you have left service, you can call or write the TSP Service Office for a copy. The booklet describes the annuity options in detail and includes a worksheet and tables so that you can estimate the amount of your monthly annuity payments. (You can also use the Annuity Calculator on the TSP Web site to estimate your payments.) When the record keeper receives your Form TSP-U-70, Withdrawal Request, (see page 34) indicating that your have chosen an annuity, you will be sent the forms you need to complete in order for an annuity to be purchased.

Once the annuity is purchased, it **cannot** be changed or cancelled.

SPOUSES' RIGHTS

What are spouses' rights under the TSP?

The law gives certain rights to your spouse (including your separated spouse). The TSP must take these rights into consideration when you withdraw or borrow from your account.

The TSP will take action to prosecute any participant who denies (or attempts to deny) his or her spouse these rights by, for example, forging the spouse's signature.

Borrowing from your TSP account — If you are married, you must obtain the consent of your spouse before you can receive a TSP loan. (Your spouse's consent does not make him or her a cosigner of your loan or obligate your spouse to repay your loan.)

Making an in-service withdrawal — You must obtain your spouse's consent to an in-service withdrawal, regardless of the amount, before the withdrawal can be approved.

Making a withdrawal after you separate — After you separate from service, spouses' rights provisions apply only if your account is more than $3,500. If you are married, your spouse is entitled to a joint and survivor annuity with 50 percent survivor benefit, level payments, and no cash refund feature. If you choose a withdrawal method other than the prescribed survivor annuity, your spouse must waive his or her right to that annuity. If you do not elect the prescribed annuity, or do not obtain your spouse's waiver by the date on which you are required to make an election, the TSP is required to purchase the prescribed joint and survivor annuity for you and your spouse with your TSP account. If you do not provide the necessary information for the TSP to purchase an annuity for you, your account will be declared abandoned. (See "How long can I leave my money in the TSP?" on page 36.)

Are there any exceptions to the spouses' rights requirements?

Under certain circumstances, an exception may be granted to the spouses' rights requirements. To apply for an exception, complete Form TSP-U-16, Exception to Spousal Requirements, and submit it with the required documentation to the TSP Service Office at the address on the form.[16] You can get Form TSP-U-16 from the TSP Web site or from your service TSP representative.

The following chart summarizes the TSP spousal requirements and exceptions.

Spouses' Rights

Activity	Requirement	Exceptions
Loan	Spouse must give written consent to the loan.	Whereabouts unknown or exceptional circumstances
In-Service Withdrawal	Spouse must give written consent to the withdrawal.	Whereabouts unknown or exceptional circumstances
Post-Employment Withdrawal*	Spouse is entitled to a joint life annuity with 50% survivor benefit, level payments, and no cash refund feature unless he or she waives this right.	Whereabouts unknown or exceptional circumstances

*Spouses' rights apply only to accounts of more than $3,500.

How does a court order affect my account?

In addition to the above spouses' rights provisions, your TSP account is subject to certain matrimonial court orders. These are court decrees of divorce, annulment, or legal separation, or the terms of court-approved property settlements incident to any court decree of divorce, annulment, or legal separation. In order to be considered qualifying and thus enforceable against the TSP, the order must meet the requirements stated in Board regulations (5 C.F.R. Part 1653). Your account is also subject to the enforcement of your legal obligations to make alimony and child support payments, and to satisfy judgments against you for child abuse.

16. The criteria for a claim on the basis of whereabouts unknown or exceptional circumstances are strict. The fact that there is a separation agreement, a prenuptial agreement, a protective or restraining order, or a divorce petition does not in itself support a claim of exceptional circumstances. For more information on establishing an exception to the spouses' rights requirements, see Form TSP-U-16.

If the TSP receives a document which purports to be a qualifying order or legal process for the enforcement of back payment of alimony or child support, your account will be frozen for loans and withdrawals. In order to authorize payment from your account, a qualifying court order must clearly identify your TSP account and must describe the award to your spouse, former spouse, or other party in such a way that the amount of the award can be definitively calculated.

If you have two TSP accounts, the court order must clearly identify the account to which the order/award applies.

To find out more about court orders, download the TSP booklet *Information About Court Orders* and the notice "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders" from the TSP Web site, or ask your service TSP representative for copies of them.

OTHER TSP INFORMATION

Are there tax limits on the amount I can contribute to the TSP?

The elective deferral limit. Section 402(g) of the Internal Revenue Code (IRC) limits the dollar amount that you may contribute on a tax-deferred basis through retirement savings plans. This limit is called the elective deferral limit. For 2002, it is $11,000; the limit will rise $1,000 each year until 2006, when it will be $15,000. It may be increased in later years by cost-of-living adjustments. The TSP cannot accept contributions that exceed the elective deferral limit.

If you are a member of the Ready Reserve and also contribute to a Federal civil service TSP account[17] or to another qualified plan, the total tax-deferred contributions you make to all plans cannot exceed the elective deferral limit. If you contribute to a civilian and a uniformed services TSP account in a single calendar year, the TSP will not accept any further tax-deferred contributions into either account once the elective deferral limit has been reached.

Tax-exempt contributions (i.e., from combat zone pay, as discussed on page 11) do not count against the elective deferral limit, but do count against the section 415 limits, as noted below.

IRC section 415 limit. Section 415 of the IRC limits the amount of a member's contributions and any matching contributions to the TSP to the lesser of 100 percent of compensation or a dollar amount that is subject to cost-of-living adjustments ($40,000 in 2002). Tax-exempt contributions (i.e., from combat zone pay, as discussed on page 11) count toward the section 415 limit.

In addition, if you contribute to a civilian TSP account **and** a uniformed services TSP account in a single calendar year, the section 415 limit is based on your combined uniformed services and civilian compensation.

Other limits. If you contribute to a TSP account as a member of the Ready Reserve and also participate in your private-sector employer's qualified plan (e.g., a 401(k) plan or 403(b) plan), you must ensure that your combined contributions do not exceed the applicable elective deferral limit. (However, if you contribute to the TSP and a section 457 plan, you may contribute up to the amount of the elective deferral limit to each.) Consult the administrator of your private-sector employer's qualified plan regarding any limit on the amount you can contribute to the TSP.

What happens if I exceed the applicable limit(s)?

If you exceed the applicable annual limits, you can request a refund of the excess amount from one or more of the plans in which you are participating. To request a refund of excess contributions from the TSP, contact the TSP Service Office to obtain an application for a refund. The TSP Service Office must receive your completed application by February 20 of the year after the excess contributions were made. If you do not ask for a

17. Uniformed service member accounts will be maintained separately from Federal civil service accounts. Therefore, reservists who are also Federal civilian employees and who are contributing to the TSP in both capacities will have two TSP accounts.

refund of the excess amount, you will pay taxes on it twice: once for the year in which you contributed it to the TSP, and again when you withdraw it.

If you are receiving matching contributions, you should keep the annual limit on tax-deferred contributions in mind when deciding how much you will contribute to your TSP account. Although matching contributions do not count toward the IRC section 402(g) annual limit, you could lose the opportunity to receive some matching contributions if you reach the limit on your own contributions too quickly. This is because you only receive matching contributions on the first 5 percent of your basic pay that you contribute **each pay period**. If you reach the annual limit before the end of the year, your contributions **and** your matching contributions will stop. As a result, you will not get the full amount of matching contributions that you could have received if your own contributions had been slightly less each pay period, but had continued over every pay period throughout the entire year.

Also, if you are contributing to both a uniformed services and a civilian TSP account, your combined contributions will affect the matching contributions you receive from your civilian agency if you reach the elective deferral limit before the end of the year.

For detailed information on how to spread out your contributions over the entire year, download the TSP Fact Sheet "Annual Limit on Elective Deferrals" from the TSP Web site, or ask your service TSP representative for a copy. You can also use the Elective Deferral Calculator on the TSP Web site.

Does my participation in the TSP affect my IRA?

Participation in the TSP does not affect your ability to contribute to an IRA. However, because you are a Federal employee covered by a Government retirement plan (i.e., the uniformed services retirement system), your ability to make tax-deductible contributions to an IRA depends upon your income and that of your spouse.

You cannot transfer or roll over your IRA into the TSP; however, you can transfer amounts from certain other retirement plans and conduit IRAs into the TSP. (See page 8.) When you separate, you can transfer or roll over your TSP account to an IRA without regard to the annual limits that the IRS imposes on contributions to IRAs. For more information, read the Fact Sheet "The Thrift Savings Plan and IRAs," which is available from the TSP Web site or from your service TSP representative.

How do other legal requirements affect my TSP account?

Your TSP account is not subject to bankruptcy proceedings and cannot be garnished for payment of debts. For more information, download the Fact Sheet "Bankruptcy Information" from the TSP Web site, or ask your service TSP representative for a copy.

How do I get written verification of my account balance?

Occasionally, participants need verification of their current account balances when, for example, they are applying for mortgages or commercial loans. If your most recent participant statement, the TSP Web site, or the ThriftLine will not meet your need for this information, your financial institution should send a request (along with your signed disclosure statement) to the TSP Service Office. The request should include your Social Security number and your date of birth.

What is a TSP PIN?

Your TSP PIN is a 4-digit Personal Identification Number which is normally mailed to you by the TSP after your first contribution is posted to your account. Your TSP PIN is **not the same** as your PIN for other uniformed services systems. For assistance with those PINs, you must contact your service.[18]

18. If you also have a civilian TSP account, your TSP PINs will be different. You may then customize them to be the same, if you wish.

You will need your TSP PIN to access your account balance and execute transactions on the TSP Web site and the ThriftLine. (See below.)

If you lose your PIN or would like to change your current PIN to a 4-digit PIN of your choice, you can do so on the Web site or the ThriftLine. You can also write to the TSP Service Office for a system-generated PIN. Include your Social Security number and date of birth in your letter.

What is the TSP Web site?

The TSP Web site is the TSP's location on the Internet; the address is **www.tsp.gov**. If you have a computer with Internet access, the TSP Web site is the most efficient way to get up-to-date information about the TSP, monthly and historical rates of return for the five TSP investment funds, the current loan interest rate and annuity interest rate index, and copies of TSP materials. You can also use the interactive calculators to project the growth of your account using different assumptions of salary, number of years until withdrawal, and rates of return, and to estimate annuity payments from different types of TSP annuities. If you have lost or forgotten your TSP PIN, you can use the Web site to request that a new one be mailed to you.

If you are a participant in the TSP, you can use the secure area of the Web site to obtain information about your account or to execute certain transactions. (You will need your Social Security number and your TSP PIN. In addition, your browser must be equipped with Secure Sockets Layer (SSL) and have 128-bit encryption.) You can find out your account balance, the amount available for you to borrow, and the status of a loan or withdrawal request. You can also change your existing PIN, change the allocation of your future payroll contributions among the five TSP funds, and request an interfund transfer in the secure area of the Web site.

What is the ThriftLine?

The ThriftLine is the automated telephone service for the TSP which is generally available 24 hours a day, 7 days a week, from a touch-tone telephone. The telephone number is (504) 255-8777 (**not a toll-free number**). You can use the ThriftLine to find out plan news, the monthly rates of return for the TSP investment funds, the most recent 12-month rates of return, the current loan interest rate, and the current annuity interest rate index. If you have lost or forgotten your PIN, you can use the ThriftLine to request that a new one be mailed to you.

If you are a participant in the TSP, you can use the ThriftLine to obtain information about your account or to execute certain transactions. (You will need your Social Security number and your TSP PIN.) You can find out your account balance, the amount available for you to borrow, and the status of your loan or withdrawal request. You can also change your existing PIN to a PIN of your choice and request a contribution allocation or an interfund transfer.

THE NEW RECORD KEEPING SYSTEM

The TSP is developing a new record keeping system to provide more options for participants and faster processing of transactions. When the new record keeping system is implemented (which is planned for 2002 on a date to be announced), you can expect the following changes:

General Changes

The TSP will be a daily valued, share-based plan, with transactions (loans, interfund transfers, withdrawals, etc.) processed each business day. This means that your account will be expressed as shares of the TSP funds in which you have invested. The value of your account will be based on the daily share price of those funds and the number of shares you hold in each fund. The value of your account balance will change every day as the share prices and number of shares you hold change. Your account balance will be shown in both shares and dollar amounts.

The TSP open season dates will be changed to April 15 – June 30 and October 15 – December 31. Contribution elections made during those periods will generally become effective in June and December, respectively.

Changes to Participant Statements

Participant statements will be issued quarterly, in January, April, July, and October, for the periods ending December 31, March 31, June 30, and September 30, respectively. They will contain a detailed summary of the activity in your account, including any loan activity.

Changes to Transactions

In general. Transactions such as loans, withdrawals, and interfund transfers will be processed each business day, thus shortening the interval between the time the record keeper receives your forms and documentation and the time your transaction is processed.

For all withdrawal transactions requiring the signature of a spouse, the spouse's signature will have to be notarized. Thus, an in-service or post-separation withdrawal request will have to be signed by a spouse in the presence of a notary.

You will be able to have a loan or a withdrawal disbursement (that is not transferred to an IRA or other eligible retirement plan) electronically deposited into your checking or savings account.

Interfund transfers. If you request an interfund transfer on the Web site or the ThriftLine, your request will normally be processed and posted to your account within two business days. If you use Form TSP-U-50, your request will normally be processed and posted to your account within two business days of the day it is received by the TSP.

Loans. You will be able to reamortize a loan more than once. You will be able to make payments using guaranteed funds (e.g., a certified check) directly to the record keeper to repay part or all of your loan at any time. You will not receive a separate loan statement; your loan information will appear on your quarterly participant statement.

Post-service withdrawals. After you leave the uniformed services, you will be able to make a one-time partial withdrawal from your TSP account. However, you will not be able to do so if you had ever made an age-based in-service withdrawal.

When you make a final, full withdrawal, you will be able to take your money out using any combination of the existing withdrawal options: single payment, monthly payments, and TSP annuity. This will be known as a "mixed withdrawal."

If you leave the uniformed services with an account balance of less than $200 (as opposed to the current $3,500), you will receive an automatic cash payment; no other withdrawal options will be available for amounts less than $200.

Changes to the Web Site and ThriftLine

On both the Web site and the ThriftLine, in addition to being able to learn your current account balance, you will be able to obtain daily share prices, check the status of an outstanding loan, obtain a loan prepayment amount, and begin (and in some cases, complete) a loan request. Whether you will be able to complete the application process on-line will depend on whether you are married (since your spouse's signature is required), and whether you need to submit additional documentation with your application.

TSP Web site. You will be able to initiate, and in some cases, complete, requests for age-based in-service withdrawals and post-employment withdrawals on the TSP Web site. You will be able to check (and, if you are separated from service, to update) your name and address and to reamortize a loan. You will be able to opt to receive your participant statement on-line rather than having it mailed to you.

ThriftLine. You will be able to request that certain TSP materials be mailed or faxed to you.

TSP Materials and Resources

TSP Materials Available from the TSP Web Site, Your Service TSP Representative, and the TSP Service Office

- **Booklets:**

  Summary of the Thrift Savings Plan for the Uniformed Services

  Guide to TSP Investments

  Loan Program

  TSP In-Service Withdrawals

  Withdrawing Your TSP Account After Leaving Federal Service

  TSP Annuities

  Information About Court Orders

- **Fact Sheets:**

  Annual Limit on Elective Deferrals

  Bankruptcy Information

  G, F, C, S, and I Fund Monthly Returns

  Calculating Participant Earnings on TSP Investments

  Effect of Nonpay Status on TSP Participation

  TSP Benefits That Apply to Members of the Military Who Return to Federal Civilian Service

  Using the TSP Web Site and the ThriftLine

  Your TSP Account Address

- **Notices:**

  Important Tax Information About Payments From Your TSP Account

  Important Tax Information About Thrift Savings Plan Death Benefit Payments

  Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders

  Important Tax Information About Your TSP Required Minimum Distributions

- **Leaflets:**

  TSP Open Season (published every 6 months)

  "Missing anything in the move?"

  "Understanding Your TSP Participant Statement"

TSP Web Site: www.tsp.gov — A source for up-to-date TSP information, answers to many TSP questions, rates of return, current loan interest rate and annuity interest rate index, forms and publications, calculators to project your future account balance and estimate annuity payments, and a vehicle for allocating future contributions and making interfund transfers. All the TSP materials listed above may be downloaded from the Web site.

TSP ThriftLine (504) 255-8777 — An automated voice response system, available 24 hours a day, 7 days a week, and a vehicle for allocating future contributions and making interfund transfers.

Text Telephone (504) 255-5113 — For hearing-impaired participants (7:00 a.m. – 4:30 p.m., central time, Monday through Friday).

TSP Service Office — The primary contact for participants who have left Federal service. For all participants, it handles loans, contribution allocations, interfund transfers, designations of beneficiaries, and withdrawals. TSP Service Office hours are 7:00 a.m. to 4:30 p.m., central time, Monday through Friday).

TSP Service Office
National Finance Center
P.O. Box 61500
New Orleans, LA 70161-1500
Telephone: (504) 255-6000
Fax: (504) 255-5199

If you are currently in service, your primary contact for TSP information is your service TSP representative.

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