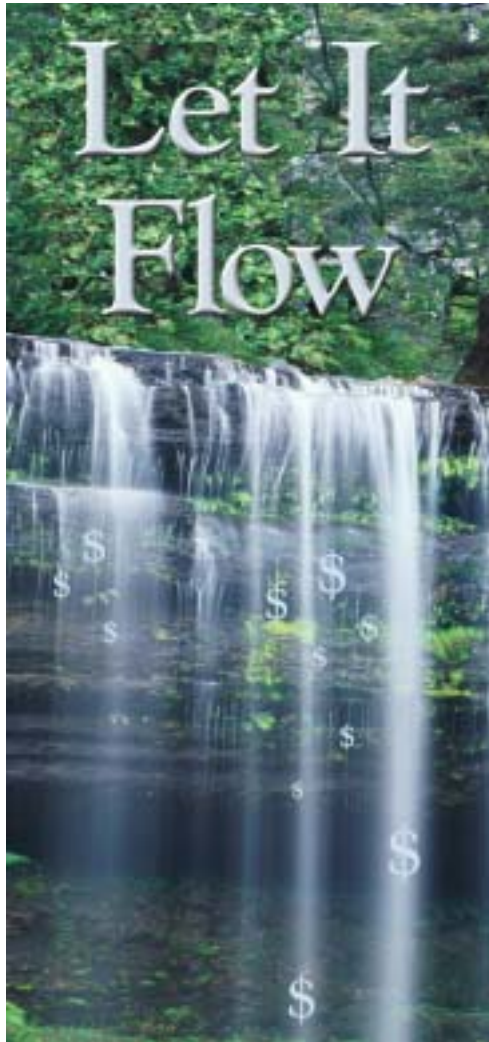


TSP Open Season

October 15 – December 31, 2004



FERS and CSRS Employees

The Thrift Savings Plan (TSP) open season is your chance to start or change the amount of your contributions to your TSP account. Ask your personnel office for the TSP Election Form (TSP-1) or download a copy from the Forms & Publications section of the TSP Web site, www.tsp.gov. Your contributions will be made automatically from your pay each pay period.

Note: Some agencies process these elections electronically instead of using paper forms. Check with your personnel office for guidance.

If you are covered by FERS, you can elect to contribute up to 15% of your basic pay each pay period, up to the Internal Revenue Service (IRS) annual limit (\$14,000 for 2005).

As soon as you are eligible for agency contributions, your agency will automatically contribute an amount equal to 1% of your basic pay each pay period, whether you contribute or not. In addition, if you contribute your own money, your agency will match your contributions:

- dollar-for-dollar on the first 3% you contribute each pay period, and
- 50 cents on the dollar for the next 2% you contribute.

If you were hired before December 1, 2003, you are already eligible for agency contributions.

If you were hired:	Agency contributions will begin:
December 1, 2003 – May 31, 2004	First full pay period in December 2004
June 1, 2004 – November 30, 2004	First full pay period in June 2005
December 1, 2004 – May 31, 2005	First full pay period in December 2005

If you are covered by CSRS, you can elect to contribute up to 10% of your basic pay each pay period, up to the IRS annual limit (\$14,000 for 2005). You do not receive any agency contributions.

If you are age 50 or older, and you are contributing the maximum amount of regular TSP contributions for which you are eligible, you may also elect to make additional “catch-up” contributions up to \$3,000 for 2004, and \$4,000 for 2005. Check with your personnel office for guidance about when to submit your election.

You can choose among five investment funds:

- **Government Securities Investment (G) Fund** — invested in short-term, risk-free U.S. Treasury securities that are specially issued to the TSP
- **Fixed Income Index Investment (F) Fund** — invested in a bond index fund that tracks the Lehman Brothers U.S. Aggregate (LBA) bond index
- **Common Stock Index Investment (C) Fund** — invested in a stock index fund that tracks the Standard & Poor’s (S&P) 500 stock index (which comprises large companies)
- **Small Capitalization Stock Index Investment (S) Fund** — invested in a stock index fund that tracks the Dow Jones Wilshire 4500 Completion stock index (which comprises small and medium companies)
- **International Stock Index Investment (I) Fund** — invested in a stock index fund that tracks the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) stock index (which comprises stocks in 21 countries)

If you are a new participant, your contributions are automatically invested in the G Fund. Once your account has been established, make an investment allocation to put your contributions in the funds of your choice.

You may choose or change your investments in the following ways:

- **Contribution allocation** — specifies the way in which all new money coming into your account (payroll contributions, loan payments, transfers and rollovers from other retirement plans) is invested in the funds. It does not affect the investment of your current balance.
- **Interfund transfer** — redistributes the money already in your account. It does not affect the investment of future contributions.

Open season is a good time to review your investment choices and rebalance your account to match your retirement savings goals. You can rebalance by making interfund transfers, contribution allocations, or a combination of the two. You may make your contribution allocation or interfund transfer at any time using:

- the TSP Web site (www.tsp.gov).
- the ThriftLine 1-TSP-YOU-FRST (1-877-968-3778). Callers outside the U.S. and Canada call 1-504-255-8777 (not toll free).
- Form TSP-50, Investment Allocation.

The Web site and the ThriftLine are the most efficient ways to make your investment allocation. You will need your Social Security number and your TSP Personal Identification Number (PIN) to make your request. If you are a new participant, you will receive a PIN in the mail after your account is established.

The annual rates of return (net earnings after expenses) for the G, F, C, S, and I Funds are shown below.

Year	G Fund	F Fund	C Fund
1994	7.2%	-3.0%	1.3%
1995	7.0%	18.3%	37.4%
1996	6.8%	3.7%	22.8%
1997	6.8%	9.6%	33.2%
1998	5.7%	8.7%	28.4%
1999	6.0%	-0.8%	21.0%
2000	6.4%	11.7%	-9.1%
2001	5.4%	8.6%	-11.9%
2002	5.0%	10.3%	-22.0%
2003	4.1%	4.1%	28.5%
1994 – 2003 compound annual rates of return	6.0%	6.9%	11.0%

Year	S Fund*	I Fund*
1994	-2.7%	7.8%
1995	33.5%	11.3%
1996	17.2%	6.1%
1997	25.7%	1.5%
1998	8.6%	20.1%
1999	35.5%	26.7%
2000	-15.8%	-14.2%
2001	-9.0%	-21.9%
2002	-18.1%	-16.0%
2003	42.9%	37.9%
1994 – 2003 compound annual rates of return	9.7%	4.3%

* The S and I Funds were implemented in May 2001. Through May 2004, the S Fund tracked the Wilshire 4500 stock index. Currently, the S Fund tracks the Dow Jones Wilshire 4500 Completion stock index. The I Fund tracks the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) stock index. The returns shown reflect the actual performance of the S and I Funds from May 2001 forward, and the returns of the Wilshire 4500 and EAFE indexes (without deduction of any administrative expenses, trading costs, or investment management fees), respectively, for the first 4 months of 2001 and for prior years.

There is no guarantee that future rates of return will replicate historical rates. There is risk of investment loss in the F, C, S, and I Funds.

You can get the most recent share prices and rates of return by visiting the TSP Web site or by calling the ThriftLine.

More information about the TSP is available from your personnel office. Ask for the *Summary of the Thrift Savings Plan*. Be sure to review the information in the Plan Summary before you make any decisions about your TSP account. Additional information (as well as the most recent forms and publications) is available from the TSP Web site.

Restrictions on withdrawing your money apply while you are employed. Read the Plan Summary for details.

Address changed? If so, contact your agency immediately to correct your TSP account records.