NOTICE

The following version of the *Summary of the Thrift Savings Plan for Federal Employees (5/2001)* will be replaced in the next few months by a version that fully reflects the changes in the record keeping system.

Please refer to the **TSP Features** on this Web site for the most up-to-date information.

Summary of the

Thrift Savings Plan for Federal Employees

May 2001

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

THRIFT SAVINGS PLAN

May 2001

Dear Federal Employee:

Whether you are covered by the Federal Employees' Retirement System (FERS) or the Civil Service Retirement System (CSRS), you can enhance your retirement by participating in the Thrift Savings Plan (TSP). You may be thinking, "I just can't spare the money right now" or, "I'm too young to worry about retirement." But most Federal employees participate in the TSP because they know that saving even a few dollars from each paycheck makes a difference. There are several good reasons to start participating in the TSP as soon as possible:

- 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 way of accumulating savings is known as *compounding*, and the longer your money is in your account, the more you can benefit from it.
- FERS employees receive Agency Matching Contributions. When you put your own money in, your agency also puts money in for you. But if you don't contribute your own money, you miss out — *every paycheck* — on agency matching money.
- TSP savings are *tax deferred*. That means you don't pay Federal (and, in most cases, state) income taxes on the money in your account until you withdraw it — usually at retirement when you are in a lower tax bracket.

The TSP offers some new features, too. Federal employees are now eligible to participate as soon as they are hired. There is no waiting period for starting your contributions, and, if you are covered by FERS, your agency will start matching them in six to twelve months (depending on your date of hire). In July, the 5% (CSRS) and 10% (FERS) limits on contributions will increase to 6% and 11%. The limits will continue to increase by one percentage point per year through 2005, after which all participants will be eligible to contribute up to the Internal Revenue Code's annual deferral limit ($10,500 in 2001).

You can now allocate your contributions among five investment funds: the long-standing G, F, and C Funds, plus two more funds added to broaden your investment options — the S Fund (Small Capitalization Stock Index Investment Fund) and the I Fund (International Stock Index Investment Fund). You can change your contribution allocations at any time — not just during an open season — on the Web, over the TSP ThriftLine, or by mailing in a form. And beginning in mid-2001, you will be able to transfer money into your TSP account from certain qualified retirement savings plans.

This updated Plan Summary explains all of these benefits and describes the other features of the TSP. It also summarizes future TSP features, such as daily valuation and additional withdrawal options, which will become available with our planned new record keeping system. 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 tax benefits, earnings, and, if you are a FERS employee, substantial Agency Matching Contributions that might have been yours.

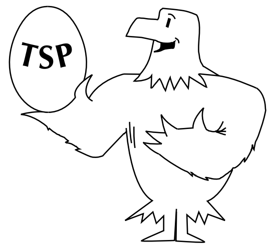
Sincerely,

Roger W. Mehle

Roger W. Mehle
Executive Director

Contents

THE THRIFT SAVINGS PLAN



What is the Thrift Savings Plan?

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal employees. Congress established the TSP in the Federal Employees' Retirement System Act of 1986. The purpose of the TSP is to provide retirement income. It offers Federal civilian employees 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.*

Employees covered by the Federal Employees' Retirement System (FERS) and the Civil Service Retirement System (CSRS) can contribute to the TSP.[2] The participation rules are different for FERS and CSRS employees.

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 agency, if you are a FERS employee) have contributed to your account during your working years and the earnings on those contributions. The contributions that you make to your TSP account are voluntary and are separate from your contributions to your FERS Basic Annuity or CSRS annuity.

How does the TSP differ from the FERS Basic Annuity and the CSRS annuity?

In contrast to the TSP, the FERS Basic Annuity and the CSRS annuity are **defined benefit** programs. This means that the benefits you receive from your FERS or CSRS annuity are based on your years of service and your salary, rather than on the amount of your contributions and earnings. Most contributions to these annuity programs are made by your agency on your behalf. Your contributions are mandatory and the amount you contribute is defined by law. Your contributions are made by payroll deductions that your agency takes automatically from your paycheck. The FERS Basic Annuity and the CSRS annuity are administered by the Office of Personnel Management.

On the other hand, your TSP contributions are voluntary, and in an amount you choose. Your TSP benefits are in addition to your FERS or CSRS annuity. If you are a FERS employee, the TSP is an integral part of your retirement package, along with your FERS Basic Annuity and Social Security. If you are a CSRS employee, the TSP is a supplement to your CSRS annuity.

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 employing agency also plays an important role in TSP administration.

The Board. The Federal Retirement Thrift Investment Board is an independent Government agency. The five 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.)

Your Agency. Your agency is responsible for determining your retirement coverage and reporting to the record keeper the dollar amount of contribu-

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

2. FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Government retirement plans. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

tions to your account each pay period. Your agency also distributes TSP materials and answers your questions about the TSP. While you are employed, your agency is your primary TSP contact.

You should review the earnings and leave statements that you receive from your agency and your TSP participant statements (see page 12) to ensure that your agency has provided the record keeper with correct and up-to-date information about your contributions. As long as you are employed by the Federal Government, your agency 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 your address is incorrect, contact your personnel office. Your agency is responsible for correcting errors in your personal information and in your contribution (and loan payment) amounts.

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 out semiannual participant statements to all TSP participants.

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 Federal service. (See page 44.)

What are the major features of the TSP?

FERS Participants — You can contribute up to 11 percent of your basic pay each pay period to your TSP account as soon as you become a Federal employee.[3] Then, once you are eligible, you receive the following important benefits:

- Agency Automatic (1%) Contributions (see page 10)
- Agency Matching Contributions (see page 10)
- Immediate vesting in Agency Matching Contributions and vesting — generally in 3 years — in Agency Automatic (1%) Contributions (see page 11).

CSRS Participants — You can contribute up to 6 percent of your basic pay each pay period to your TSP account.[3] You do not receive any agency contributions.

All Participants — The TSP offers the following:

- Immediate employee contributions (see page 6)
- Before-tax savings and tax-deferred investment earnings (see page 10)
- Low administrative and investment expenses (see page 13)
- Rollovers from 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 Federal 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 Federal service (see page 33)
- Spouses' rights protection for loans and withdrawals (see page 38)
- A Web site with general account information, capability for requesting interfund transfers and contribution allocations, up-to-date TSP materials and information, and calculators to estimate account growth and annuity amounts (see page 41)

3. This applies to the remainder of 2001. This contribution limit will increase by one percentage point each year through 2005, after which participants' contributions will be restricted only by the Internal Revenue Code's annual limits (see page 39).

- An automated telephone service (the ThriftLine) for account information and certain transactions (see page 41).

How does the TSP fit into the total retirement plan for FERS employees?

The TSP is one of the three parts of your retirement package, along with your FERS Basic Annuity and Social Security. Participating in the TSP does not affect the amount of your Social Security benefit or your FERS Basic Annuity.

The money that you save and earn through your TSP account will provide an important source of retirement income. The TSP is especially important to FERS employees because the formula used to compute your FERS Basic Annuity is less generous than the formula used to compute the CSRS annuity.

As a FERS employee, you may begin contributing to the TSP when you are first hired by the Federal Government. Once you become eligible for agency contributions (i.e., the second open season after you are hired), you will receive Agency Automatic (1%) Contributions whether or not you are contributing to your account. If you are contributing to your account, you will also receive Agency Matching Contributions at that time. These matching contributions are a principal benefit of the TSP.

Federal income taxes are deferred on all contributions to your account. To learn more about this important feature, see "Tax Advantages of the TSP" on page 10.

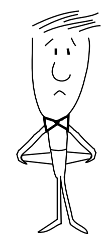
Your TSP benefits can significantly increase your retirement income, but starting early is important. If you start to contribute to your TSP account as soon as you are hired, the earnings in your account will compound over a longer period of time. Also, if you make certain to contribute your own money early on, you will not miss out on Agency Matching Contributions once you become eligible for them. To learn how your account could grow, see "Projecting Your Account Balance," page 14, or use the calculator on the TSP Web site.

To find out more about your FERS Basic Annuity and how the TSP fits into your total retirement plan, contact your personnel office. For more information about your Social Security benefits, contact your personnel office or the Social Security Administration.

How does the TSP fit into the total retirement plan for CSRS employees?

If you are a CSRS employee, the TSP can provide you with a source of retirement income in addition to your CSRS annuity. Although you do not receive any agency contributions, you do have the benefit of deferring taxes on your contributions and on the earnings in your TSP account.

To learn more about how you benefit from tax deferral, see "Tax Advantages of the TSP" on page 10. To see how your account could grow, see "Projecting Your Account Balance," page 14. To find out more about your CSRS annuity, contact your personnel office.



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

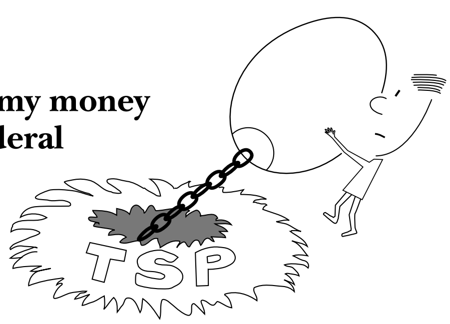
You can contribute as little as one dollar per pay period. Even small savings add up over time. If you are a FERS employee and put in only $10 each biweekly pay period, here's the amount you could have in your TSP account in 25 years. This is in addition to your Agency Automatic (1%) Contributions, which you get whether you contribute or not.

Your $10 biweekly contributions	$6,500
Your agency's matching contributions*	6,500
Earnings (assuming 7% a year)	22,360
Your total	**$35,360**

* This example assumes that $10 is no more than 3 percent of your basic pay each pay period, so it is matched dollar-for-dollar. (See "What are the basic rules for contributing to the TSP?" on page 5.)

However, if you are a FERS employee, you should be aware that if you contribute less than 5% of your basic pay, you will not receive all of the agency matching money for which you are eligible, and this money cannot be recaptured.

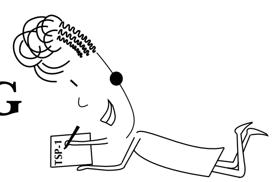
Can I withdraw my money while I am a Federal employee?



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 employed by the Federal Government, 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 in Federal service. In-service withdrawals for reasons of financial hardship are also available. In-service withdrawals are restricted by law, and the funds withdrawn are taxable and may be subject to early withdrawal penalties. Other conditions and restrictions apply. (See "In-Service Withdrawals," page 31.)

PARTICIPATING IN THE TSP



Who is eligible to participate in the TSP?

Both FERS and CSRS employees can participate in the TSP.[4] FERS employees are generally those hired on or after January 1, 1984. CSRS employees are generally those hired before that date who did not convert to FERS.

If you are a FERS or CSRS employee, you can participate in the TSP, regardless of whether you work full time or part time. If you do not know your retirement coverage, contact your agency personnel office. Neither the Board nor the TSP record keeper has the authority to make or correct retirement coverage determinations.

What are the basic rules for contributing to the TSP?

If you are a FERS employee:

- You can contribute up to 11 percent of your basic pay each pay period to the TSP (see footnote 3 on page 3). Your annual total cannot exceed the Internal Revenue Code limit (see page 39).
- Beginning in the last month of the second open season after you are hired, your agency will start to contribute Agency Automatic (1%) Contributions to your account. (See page 10.)
- If you are contributing your own money, you will also receive Agency Matching Contributions beginning in the last month of the second open season after you are hired. (See page 10.)

If you are a CSRS employee:

- You can contribute up to 6 percent of your basic pay each pay period to the TSP (see footnote 3 on page 3). Your annual total cannot exceed the Internal Revenue Code limit (see page 39).
- You do not receive any Agency Automatic (1%) or Matching Contributions.

4. Other persons can also participate in the TSP, for example:
   - Individuals on approved leave without pay to serve as full-time officers or employees of certain unions or other employee organizations
   - Individuals assigned from a Federal agency to a state or local government under an Intergovernmental Personnel Act assignment who choose to retain FERS or CSRS coverage
   - Individuals appointed or otherwise assigned to one of the Cooperative Extension Services, as defined by the National Agricultural Research, Extension, and Teaching Policy Act of 1977
   - Federal justices and judges, certain Federal bankruptcy judges and magistrate judges, Claims Court judges, and Court of Veterans Appeals judges
   - Nonappropriated Fund employees of the Defense Department or the U.S. Coast Guard who have chosen to be covered by FERS or CSRS.

   Members of these groups generally participate under the rules for either FERS or CSRS employees. If you are a member of one of these groups, you should check with your personnel office to learn which rules apply.

All FERS and CSRS employees:

- You can begin contributing your own money to the TSP within 60 days of being hired as a Federal employee. Your payroll contributions will begin the first full pay period after your agency accepts your TSP Election Form (TSP-1). (See page 7.)
- You can contribute either a percentage of your basic pay each pay period or a fixed dollar amount. If you make your contributions as a percentage of your pay, the amount of your contributions will automatically increase as you receive pay raises.
- You can change the amount of your TSP contributions (or start contributing, if you had previously passed up the opportunity) during two TSP open seasons held each year. You can submit your TSP Election Form (TSP-1) to your agency at any time during an open season, but your contributions will not begin before the first full pay period that begins during the last month of the open season.
- You can change the allocation of your payroll contributions among the different funds at any time using the TSP Web site, the ThriftLine, or Form TSP-50, Investment Allocation. You can change the way money already in your account is invested by making an interfund transfer (one per month) using the same methods.
- You can stop contributing at any time (but if you do so outside an open season, you will have to wait longer before you can resume contributing (see page 7)).
- Generally, contributions must be made through payroll deductions. However, you may also transfer money into your TSP account from a qualified retirement plan.
- You must be in pay status (that is, receiving basic pay) to make contributions and to receive agency contributions for a pay period. Therefore, if you are not in pay status, your contributions (and your agency contributions, if you are a FERS employee) will stop until you begin receiving pay once again.

Basic pay for TSP purposes is defined by law. It consists of the same elements of pay used to calculate the deduction for your FERS or CSRS annuity. The definition does not include awards, bonuses, buyout incentives, or many forms of premium pay. Contact your personnel office if you have questions about your basic pay for TSP purposes.

Note: As a result of Public Law 103-353, the Uniformed Services Employment and Reemployment Rights Act (USERRA), employees may make up contributions missed due to military service. See your agency for more information about this opportunity.

When can I sign up for the TSP?

Newly hired employees can sign up to contribute to the TSP during an initial 60-day eligibility period. Your contributions will begin no later than the first full pay period after your agency accepts your election. If you do not make an election within this 60-day period, you must wait until an open season to do so. There are two open seasons each year: May 15 – July 31 and November 15 – January 31. Generally, elections are made effective during the last month of the open season. You can make only one election each open season.

Your Agency Automatic (1%) Contributions and, if you are already contributing, your Matching Contributions, will begin the last month of the second open season after you were hired. For example, if you were hired during the period from January 1 through June 30, 2001, your agency must start the Agency Automatic (1%) Contributions the first full pay period in January 2002. (If you are hired during an open season but before its last month, that open season is considered your first one.)

What if I am a rehired employee?

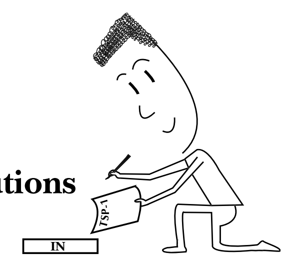
If you are a rehired FERS or CSRS employee who had a **break in service of 31 or more full calendar days**, you can sign up to contribute to the TSP within 60 days of your reemployment. If you are a rehired FERS employee, your Agency Automatic (1%) and (if you are contributing your own money) Matching Contributions will begin as follows:

- If you were previously eligible to receive agency contributions, your agency contributions will begin immediately.

- If you were not previously eligible to receive agency contributions, your agency contributions will begin in the last month of the second open season after your rehire. (If you were rehired during an open season but before its last month, that open season is considered your first.)

If you are a rehired employee who had a **break in service of less than 31 full calendar days** and you were previously contributing to the TSP, your contributions and, if you are FERS, your agency contributions will resume upon rehire. You cannot change the amount of your contributions until the next open season. To ensure that your contributions resume properly, you should tell your new agency that you were previously contributing to the TSP. If you were not previously contributing to the TSP, you must wait until an open season to elect to contribute. (You should also inform your new agency if you have any outstanding TSP loans.)

If you are rehired as a CSRS employee and you **choose to change your retirement coverage to FERS**, your Agency Automatic (1%) Contributions will begin no later than the pay period following the effective date of the transfer. You may also elect to contribute your own money within 30 days of the effective date of your transfer to FERS. If you do, your contributions and your Agency Matching Contributions will begin no later than the pay period that begins after your agency receives your Form TSP-1.



How do I start my contributions to my TSP account?

To start contributing to the TSP, ask your personnel office for the TSP Election Form (TSP-1) or download it from the TSP Web site. Complete the form to show whether you want to contribute a percentage of your basic pay or a fixed whole dollar amount each pay period. (Some agencies may be using an electronic version of Form TSP-1. Check with your personnel office for guidance about the timing of your election.)

If you are a new or rehired Federal employee, submit your Form TSP-1 to your personnel office within 60 days of your appointment. Your election will become effective no later than the first full pay period that begins after your personnel office accepts your form.

If you are a current Federal employee, submit your Form TSP-1 during an open season. If you submit your form **before** January or July, it will become effective the first full pay period in January or July. If you submit your form **during** January or July, it will become effective no later than the first full pay period after your personnel office accepts your form.

Your agency will deduct the amount you choose from your pay each pay period and will continue to do so until you submit another Form TSP-1 to stop or change the amount. You do not need to submit a Form TSP-1 each open season.

What if I transfer to another agency?

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

How do I change the amount of my contributions?

If you want to change the amount of your TSP Employee Contributions, submit Form TSP-1 to your agency during a TSP open season.

How do I stop my contributions?

You can stop contributing your own money to the TSP at any time by completing the appropriate sections on Form TSP-1. Your contributions will stop at the end of the pay period in which your agency accepts the form. If you stop contributing during an open season, you must wait until the next open season to start again. If you stop outside an open season, you must wait until the second open season after you stop before you can contribute again. (Use Form TSP-1 to restart your contributions.)

If you are a FERS employee, your Agency Automatic (1%) Contributions will continue, and will be invested according to your last contribution allocation on file with the TSP. Agency Matching Contributions will end when your contributions end. Even if you are not contributing, you can change the way your future Agency Automatic (1%) Contributions are invested by making a contribution allocation on the Web site, the ThriftLine, or Form TSP-50 at any time.

What is a contribution allocation?

A contribution allocation specifies the way contributions to your account will be invested among the five TSP funds. The contribution allocation applies to all **future** contributions (both employee and agency) as well as loan payments and rollovers. 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?

You can specify the way you want your contributions to be invested on the TSP Web site or over the ThriftLine, or by submitting Form TSP-50, Investment Allocation, to the TSP Service Office (see page 44). 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 contribution allocation.

Contribution allocations made on the Web site or the ThriftLine generally will become effective within two business days. Allocations made by submitting Form TSP-50 generally will become effective within two business days of the date the TSP receives your completed form. The Web site and the ThriftLine are the most efficient ways of making a contribution allocation.

What if I do not make a contribution allocation?

If your account is first established after April 30, 2001, all of your contributions, including your agency contributions if you are in FERS, will be invested in the G Fund until you make a contribution allocation on the Web site or the ThriftLine, or by sending in Form TSP-50.

If your account was established before May 1, 2001, the TSP will derive your contribution allocation from the information in your TSP records.

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

Yes. Whether you are an active or separated Federal employee you can roll over (i.e., transfer) money from a qualified retirement plan or a conduit IRA into your **existing** TSP account. However, if you are separated from service, you can still roll over 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. Also, the money that you are rolling over must be considered an "eligible rollover distribution" under the Internal Revenue Code. If you are considering a rollover, 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 rollover.

Note: Rollovers consist only of before-tax money (see page 10). They will be subject to income tax when they are eventually paid to you from your TSP account.

How do I roll over money into my TSP account?

There are two methods for rolling over 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-60, Request for a Rollover into the TSP, and give it to the administrator of the plan or conduit IRA so that he or she can certify that the distribution is eligible for transfer to the TSP. Your former plan can then send the completed Form TSP-60 and the funds to the TSP Service Office. In this situation, the money is transferred to the TSP before 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, 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-60. You must specify the date on which you received the distribution from your former plan and have the administrator of your former plan or conduit IRA certify on the form that the funds are eligible for transfer to the TSP. **You** must then submit the form to the TSP along with 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. The TSP must receive the form and the guaranteed funds within 60 days of the date you received the funds.

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

Once the TSP receives a properly completed Form TSP-60 and the check for guaranteed funds, the funds will be invested according to your most recent contribution allocation.

Rollover funds will be treated as employee contributions, but they will not be subject to the IRS annual elective deferral limit. Once the money is rolled over, it will be available for the same purposes as the rest of your employee 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 money rolled over.

Rollovers will be subject to the same rules and regulations as any other employee contributions to the TSP. For example, spouses' rights rules affect all the money in your account, including money that was rolled over. In addition, because a rollover 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 personnel office for Form TSP-3, Designation of Beneficiary, or download it from the TSP Web site. If you have left Federal service, you can also obtain the form from the TSP Service Office. If you do not file Form TSP-3 with the TSP record keeper to designate beneficiaries for your account, your account will be distributed after your death according to the order of precedence described on page 36.

Submit Form TSP-3 to the TSP Service Office at the address on the form. **Do not submit Form TSP-3 to your agency.** 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-3. However, you can use Form TSP-3 to designate your estate or a trust to receive your TSP account.

It is a good idea to 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-3 to the TSP Service Office.

TAX ADVANTAGES OF THE TSP

There are two tax benefits to investing in 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 before-tax benefits of investing in 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. By paying less current income tax, you have more take-home pay than if you had put aside an equal amount in savings after taxes were deducted.

Your TSP contributions are excluded from the taxable income reported on the Form W-2, Wage and Tax Statement, that you receive from your agency 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 the FERS Basic Annuity, the CSRS annuity, or life insurance — nor does it affect Social Security or Medicare taxes or benefits.

To give you an idea of the advantage of saving through before-tax contributions to the TSP, let us suppose, for simplicity, that you are a CSRS participant earning basic pay of $30,000 a year. Let us also assume you are in the 15 percent tax bracket.

If you contribute 5 percent each pay period (or $1,500 per year) to your TSP account, you will owe **$225 less** (15% × $1,500) Federal tax in the current year than if you had not contributed to the TSP, but rather saved the $1,500 after paying taxes that apply to it. This is because when you save through the TSP, your contributions are not included in the amount on which your tax is calculated. The difference in your tax bill will be even greater if the state in which you live permits tax-deferred savings, as most states do.

How do I benefit from tax-deferred contributions and earnings in my TSP account?

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 will be the benefit of tax-deferred earnings. Whether you can also defer state or local income taxes depends on the jurisdiction in which you live.

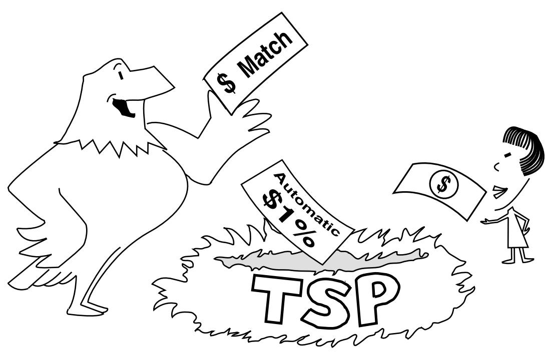
UNDERSTANDING AGENCY CONTRIBUTIONS

Who is entitled to receive agency contributions?

Only FERS employees are entitled to receive agency contributions. If you are a FERS employee, your agency makes two different types of contributions to your TSP account as part of your FERS benefits. These contributions are not taken out of your pay, nor do they increase your pay for income tax or Social Security purposes.

First, when you become eligible for agency contributions, your agency will automatically contribute to your TSP account an amount equal to 1 percent of your basic pay each pay period. These are your **Agency Automatic (1%) Contributions**. You will receive these contributions whether or not you contribute your own money to your TSP account.

Second, if you are contributing to your TSP account, your agency also makes **Agency Matching Contributions** once you are eligible for them. If you do not contribute your own money, you will not receive Agency 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 agency 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 agency adds to your contributions will make your TSP account grow faster. Your Agency Automatic (1%) and Matching Contributions can add up to 5 percent of your basic pay. Here's how it works:

Percent of Basic Pay Contributed to Your Account (FERS Employees Only)

	Your agency puts in:		
You put in:	Automatic (1%) Contribution	Agency Matching Contribution	And the total contribution is:
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%

Amounts that you contribute above 5% are not matched.

What does "vesting" mean?

Vesting means that you have met the service requirements that entitle you to Agency Automatic (1%) Contributions and their earnings when you leave Federal service. Service requirements for vesting do not apply to any other type of contributions. Therefore:

- FERS and CSRS participants are **always** vested in their own contributions and the earnings on their contributions.
- FERS participants are **always** vested in the matching contributions their agencies make, as well as the earnings on the matching contributions.

Most FERS employees become vested in their Agency Automatic (1%) Contributions after completing 3 years of Federal civilian service. FERS employees in congressional and certain noncareer positions become vested in their Agency Automatic (1%) Contributions after completing 2 years of civilian service.

All Federal civilian service counts toward vesting in your TSP account — not just your service while you are a TSP participant. Service covered by USERRA also counts toward vesting (see the note on page 6). If you are a FERS participant, your agency reports your TSP Service Computation Date (TSP-SCD), which is used by the TSP record keeper to determine whether you are vested. Your TSP-SCD is shown on your participant statement; if you believe it is incorrect or have questions about it, contact your personnel office. (Your TSP-SCD will never be earlier than January 1, 1984.)

If you leave Government service before satisfying the vesting requirement for your Agency Automatic (1%) Contributions, these contributions and the earnings on them will be forfeited to the TSP.

If you die before separating from service, all amounts in your TSP account will be vested automatically.

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 41). 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 the first contribution is posted to your account.

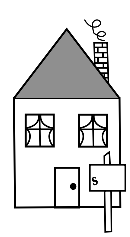
If you have a TSP loan, you will receive quarterly loan statements.

While you are employed — The earnings and leave statements that you receive from your agency show the money that you contributed to your TSP account for the pay period and may also show agency contributions. You should review your earnings and leave statements and your TSP participant statements carefully 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
- Your retirement coverage (e.g., FERS, CSRS)
- Your TSP Service Computation Date and years required for vesting in Agency Automatic (1%) Contributions (FERS only)
- The date of your beneficiary designation (if you have submitted Form TSP-3).

Your agency 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 personnel office. 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 personnel office and ask that the mistake be corrected. While you are employed by the Federal Government, only your agency 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 Federal service.**

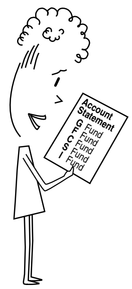
After you leave Federal service — You will continue to receive semiannual participant statements and other mailings until you withdraw your entire TSP account balance. After you leave Federal service, the TSP Service Office is your primary contact for information about your account, including procedures 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 agency personnel office to change your address.
- **Separated participants:** Submit Form TSP-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 and date of birth.

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 agency must initiate the necessary corrections, whether you are currently employed or are separated from service.

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

If there is a mistake in your retirement coverage classification (that is, FERS or CSRS), you may not have received money to which you are entitled, or you may have received contributions that do not belong to you. If you believe your retirement coverage is recorded incorrectly, contact your personnel office immediately.

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. FERS employees who leave Federal service before they are vested in the TSP (see page 11) forfeit the Agency Automatic (1%) Contributions and earnings on those contributions.

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?" on page 14.) Information on TSP expenses is provided in the annual audited financial statements of the TSP, which are posted on the TSP Web site each May.

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 your earnings in the G Fund were reduced approximately $0.50 for every $1,000 of your G Fund account balance. The expense ratios for the G, F, and C Funds[5] since 1988 are as follows:

Year	G Fund	F Fund	C Fund
1988	.34%	.30%	.29%
1989	.21%	.23%	.20%
1990	.11%	.13%	.13%
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%

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

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 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.

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 from your personnel office and the TSP Web site. The returns for the related indexes are also posted on the TSP Web site. For more information on how your earnings are calculated, ask your personnel office for a copy of the TSP Fact Sheet "Calculating Participant Earnings on TSP Investments," or download it from the TSP Web site.

Projecting Your Account Balance

The size of your account balance depends on how much you (and your agency, if you are a FERS employee) 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 are a FERS employee eligible for agency contributions, that you are earning $28,000 each year, and that you receive no future salary increases. You choose to save 5 percent of basic pay each pay period, so you receive total agency contributions of 5 percent. The growth projections below are for three sample annual rates of return on your investments — 4 percent, 7 percent, and 10 percent.

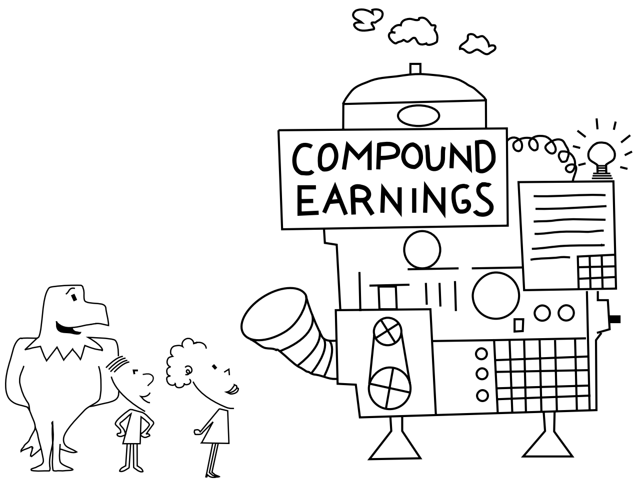
Projected Account Balance of a FERS Employee Who Contributes 5% of $28,000 Annual Basic Pay

Account Balance After:	Account Balance at Assumed Annual Rates of Return (Compounded Monthly) 4%	7%	10%
5 Years	$15,400	$16,800	$18,200
10 Years	34,440	40,320	47,880
15 Years	57,400	74,200	96,880
20 Years	85,680	121,800	177,520
25 Years	120,120	189,280	310,240
30 Years	162,120	285,040	528,640
35 Years	213,360	420,840	887,880
40 Years	276,080	613,480	1,478,960

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 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, their advantages, risks, and historical results.

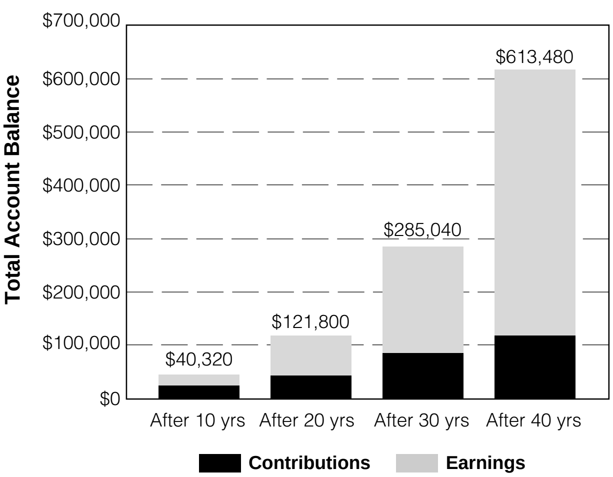
Does it make a difference when I start contributing?

Yes. It is important to invest in your TSP account early in your career for two reasons. First, if you are a FERS employee, you don't want to miss out on the agency matching contributions that are a significant part of your retirement benefit. Second, 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 FERS employee's account after 10 years (assuming a salary of $28,000, employee contributions of 5 percent of basic pay, agency contributions of 5 percent, and a 7 percent rate of return). However, at 40 years, earnings account for 80 percent of this employee'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 is in your account now and how much you contribute from this point on. You can estimate your future account balance using the calculator on the TSP Web site (see page 41) or the following tables and worksheet.

If you are a new participant, when you are eligible for agency contributions 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 are a FERS employee who is eligible for matching contributions,
- you receive no additional salary increases, and
- your contributions and your agency's contributions accrue earnings at the annual rate (compounded monthly) specified at the top of the section of the table you used.

If you are a CSRS employee, see the footnotes to the table to determine which column(s) to use.

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.

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)*

Years You Contribute	If You Contribute One of These Percentages										
	0%*	1%**	2%***	3%	4%	5%	6%	7%	8%	9%	10%
5	0.06	0.17	0.28	0.39	0.47	0.55	0.61	0.66	0.72	0.77	0.83
10	0.12	0.37	0.61	0.86	1.04	1.23	1.35	1.47	1.60	1.72	1.84
15	0.21	0.62	1.03	1.44	1.74	2.05	2.26	2.46	2.67	2.87	3.08
20	0.31	0.92	1.53	2.14	2.60	3.06	3.37	3.67	3.98	4.28	4.59
25	0.43	1.29	2.14	3.00	3.65	4.29	4.72	5.15	5.57	6.00	6.43
30	0.58	1.74	2.89	4.05	4.92	5.79	6.37	6.95	7.53	8.10	8.68
35	0.76	2.29	3.81	5.33	6.48	7.62	8.38	9.15	9.91	10.67	11.43
40	0.99	2.96	4.93	6.90	8.38	9.86	10.84	11.83	12.82	13.80	14.79

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

Years You Contribute	If You Contribute One of These Percentages										
	0%*	1%**	2%***	3%	4%	5%	6%	7%	8%	9%	10%
5	0.06	0.18	0.30	0.42	0.51	0.60	0.66	0.72	0.78	0.84	0.90
10	0.14	0.43	0.72	1.01	1.23	1.44	1.59	1.73	1.88	2.02	2.17
15	0.26	0.79	1.32	1.85	2.25	2.65	2.91	3.17	3.44	3.70	3.97
20	0.43	1.30	2.17	3.04	3.70	4.35	4.78	5.22	5.65	6.09	6.52
25	0.68	2.03	3.38	4.73	5.75	6.76	7.44	8.11	8.79	9.47	10.14
30	1.02	3.05	5.09	7.13	8.66	10.18	11.20	12.22	13.24	14.26	15.27
35	1.50	4.51	7.52	10.52	12.78	15.03	16.54	18.04	19.54	21.05	22.55
40	2.19	6.57	10.95	15.34	18.62	21.91	24.10	26.29	28.48	30.67	32.86

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

Years You Contribute	If You Contribute One of These Percentages										
	0%*	1%**	2%***	3%	4%	5%	6%	7%	8%	9%	10%
5	0.06	0.19	0.32	0.45	0.55	0.65	0.71	0.78	0.84	0.91	0.97
10	0.17	0.51	0.86	1.20	1.45	1.71	1.88	2.05	2.22	2.40	2.57
15	0.35	1.04	1.73	2.42	2.94	3.46	3.81	4.15	4.50	4.85	5.19
20	0.63	1.90	3.17	4.44	5.39	6.34	6.98	7.61	8.24	8.88	9.51
25	1.11	3.32	5.54	7.76	9.42	11.08	12.19	13.30	14.41	15.51	16.62
30	1.89	5.66	9.44	13.22	16.05	18.88	20.77	22.66	24.54	26.43	28.32
35	3.17	9.51	15.85	22.20	26.95	31.71	34.88	38.05	41.22	44.39	47.56
40	5.28	15.85	26.41	36.97	44.90	52.82	58.10	63.38	68.66	73.95	79.23

*or CSRS employee contributing 1% **or CSRS employee contributing 3% ***or CSRS employee contributing 5%

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

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 blank 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 5% of your annual basic pay of $30,000, or $1,500.	Percentage you wish to save from your annual basic pay: = _______%
You want to know how much your account balance can be after 30 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 5% contribution rate, then locate the figure in the column for the 30-year contribution period. The figure is 10.18.	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: $30,000 (assumed annual basic pay) Times 10.18 (figure in table) The result is $305,400.	Now, do the following: Your annual basic pay: $____________ Times figure in 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 $20,000 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 30 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 30-year period. The figure is 8.12.	The figure from Table B for your assumed rate of return and number of years of account growth: = _______
Now, do the following: $20,000 (already in your account) Times 8.12 (figure from table) The result is $162,400.	Now, do the following: Amount already in your account: $______________ Times figure in 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	$305,400	Add your results from Table A	$______________
and		and	
Table B	$162,400	Table B	$______________
to see your total estimated TSP account balance:	$467,800	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 from your agency personnel office or on the TSP Web site in Forms & Publications.

Who manages the TSP investment funds?

The Federal Retirement Thrift Investment Board manages the G Fund. Up until 2001, the Board had contracts with Barclays Global Investors, a company owned by Barclays PLC, to manage the F Fund assets. At the time of publication, the Board had not yet contracted with a future manager for this fund. The Board currently has contracts with Barclays to manage the C, S, and I Fund assets. The investment manager(s) invests the F, C, S, and I Fund assets in index funds open only to tax-exempt 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 41). 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 agency personnel office. 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.

Your agency distributes the leaflet *TSP Open Season* to all employees 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 by the U.S. Government daily 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

- 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
- Gain (or loss) on the sale of related index fund shares
- 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(s)
- Trading costs on 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.[6]

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 three 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.
- 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 1 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 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

---

6. 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 the shares being sold or purchased by other clients. As a result, trading costs for all of the TSP funds are expected to be low.

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%

* These rates are stated after deducting the administrative expenses of the TSP.

** Rates of return were calculated by the Board. These figures are based on the statutory rate of return and are stated without any reduction for administrative expenses.

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[7] 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 has been 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 F Fund's related LBA 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.

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.

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.

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

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 1 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 Baa 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% 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 Federally sponsored agencies. However, the LBA includes only the highest rated commercial mortgage-backed securities (rated AAA by Moody's Investors Services or 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 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 at right, 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.

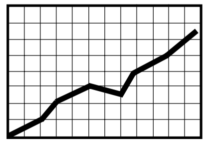
The 1991–2000 F Fund rates of return are presented in the following table. The table also shows the calendar-year total rates of return for the LBA bond index for the last 10 years.

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 (see page 19).

** Calculated by Lehman Brothers. Returns are stated without deducting administrative and management expenses and trading costs.

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 *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 that the poor performance of an individual company or industry will have on overall investment returns. 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 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 (representing dividend income and small cash balances) 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 represent 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 on 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 (see page 19).

** Calculated by Standard & Poor's. Returns are stated without deducting administrative and management expenses and trading costs.

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. Because it is not feasible to buy all of the stocks in the index, Barclays buys these stocks in the following way:

After excluding illiquid stocks (stocks that are not traded frequently) and stocks with prices less than $1.00 per share, 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 publicly available market value of that stock relative to the publicly available market value of the rest of the index. For stocks with market values below $1 billion, Barclays uses a sampling technique to select stocks based on the actual market value weights (publicly available market value of the stock of a company relative to that of other companies) in the Wilshire 4500. These techniques resulted in holdings of approximately 3,467 stocks by the Barclays Extended Market Index Fund 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 fuller 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 will be 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 are stated without deducting administrative and management expenses and trading costs attributable to purchases and sales of fund shares. Returns prior to 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. Returns are stated without deducting administrative and management expenses and trading costs.

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.

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 20 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 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 will be 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. Returns are stated without deducting administrative and management expenses.

** Calculated by Morgan Stanley Capital International. Returns are stated without deducting administrative and management expenses and trading costs.

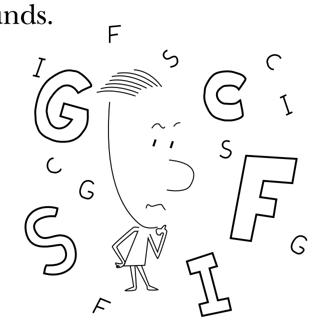
INTERFUND TRANSFERS

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. If you are a FERS employee, this includes your agency contributions and their earnings, even if you have never contributed your own money to your account.

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?

You may make one interfund transfer per month. The TSP Web site and the ThriftLine are the most efficient ways to request an interfund transfer (see page 41). 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 1 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-50, Investment Allocation, and mail it to the TSP Service Office. You can obtain the form from your agency or, if you have left Federal service, from the TSP Service Office. **Do not submit an Investment Allocation form to your agency.** Your agency cannot process an interfund transfer; if you give your form to your agency, 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-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-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-50.

Can I cancel or change an interfund transfer request?

Yes. You can use the Web site, the ThriftLine, or Form TSP-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.

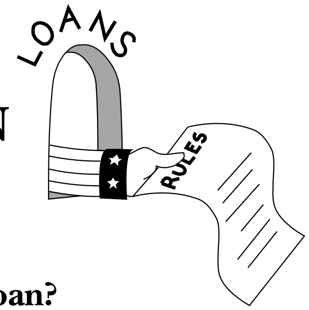
By using the Web site or the ThriftLine for all of your interfund transfer activity, you can make, change, or cancel a pending interfund transfer request right up to the deadline on the 15th of the month.[8] On the other hand, if you make a request on Form TSP-50, you may not be able to cancel it using 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 agency is not involved in processing interfund transfers and cannot answer questions about your interfund transfer.

TSP LOAN PROGRAM



Who can get a TSP loan?

While you are still employed by the Federal Government, 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 agency contributions in your account or any earnings attributable to those contributions.

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 at any one time. However, you cannot have two residential loans outstanding at a time.

8. 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.

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 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 Internal Revenue Code.

To find out the amount you may be eligible to borrow from your TSP account, visit the TSP Web site or call the ThriftLine (see page 41).

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 loan principal. The TSP Web site or the ThriftLine will tell you the current interest rate for TSP loans (see page 41).

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" in the TSP *Loan Program* booklet or on the TSP Web site.)

How do I apply for a loan?

Ask your personnel office 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, ask your personnel office for Form TSP-20, Loan Application, or download it from the TSP Web site. Submit your application to the TSP Service Office at the address on the form. **Do not send your Loan Application to your agency; 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 a married FERS participant, the law requires that your spouse consent to your TSP loan. If you are a married CSRS participant, the law requires the TSP to notify your spouse before your loan is disbursed. See "Spouses' Rights," page 38. These requirements apply even if you are separated from your spouse.

How long does it take to get a loan?

You should anticipate that there will be 6 to 8 weeks between the time you submit your Loan Application and 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). Your loan must be approved by the last business day of the month in order to be paid in the following month.

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 agency 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 agency 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. You may also be subject to the 10 percent Internal Revenue Code early withdrawal penalty tax on this 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, transfer to another agency), you should contact your agency and the TSP Service Office immediately. **You are responsible for repayment of your loan.**

If you leave Federal service, 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. The TSP will also declare a taxable distribution if you have an outstanding TSP loan when you die.

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 employed by the Federal Government 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.

When you make an in-service withdrawal, 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," 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.

What are the rules for an age-based withdrawal?

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. 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, 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-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 earnings and leave 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 for 6 months. If you are a FERS participant, you will not receive any Agency Matching Contributions; however, you will continue to receive Agency Automatic (1%) Contributions. At the end of the 6-month period, your contributions will not resume automatically. You must submit Form TSP-1 to your agency (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 a married FERS participant, the law requires that your spouse consent to your in-service withdrawal. If you are a married CSRS participant, the TSP must notify your spouse before the in-service withdrawal can be made. (See "Spouses' Rights," page 38.) These rights apply 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-75, Age-Based In-Service Withdrawal Request, or Form TSP-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 agency personnel office.

If you want to transfer all or any portion of an age-based or financial hardship in-service withdrawal to an Individual Retirement Account (IRA) or other eligible retirement plan,[9] have your financial institution complete Form TSP-75-T, Transfer of In-Service Withdrawal.

If you have a pending application for another in-service withdrawal or for a TSP loan at the time 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. In-service withdrawal requests must be approved by the last business day of the month in order to be paid in the following month.

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?

Age-based and financial hardship in-service withdrawal payments are considered "eligible rollover distributions" for Federal income tax purposes and, as such, are subject to **mandatory 20 percent Federal income tax withholding**. However, you can avoid withholding on all or any portion of an in-service withdrawal payment by transferring it di-

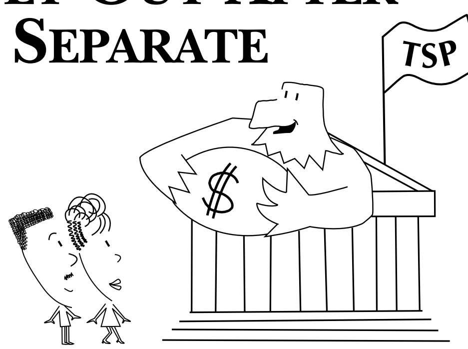
9. An "eligible retirement plan" is defined in section 402(c)(8) of the Internal Revenue Code. Generally, an eligible retirement plan is an individual retirement account or an individual retirement annuity (other than an endowment contract); a qualified pension, profit-sharing, or stock bonus plan; or 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).

rectly to an IRA or other eligible retirement plan. (See "What are my TSP withdrawal options?" below 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, any amounts not rolled over 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.

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 Federal service for 31 or more full calendar days.

When you leave Federal service, your agency 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 agency must also provide you with a copy of the notice "Important Tax Information About Payments From Your TSP Account."

If you have left Federal service 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:

- Receive your account balance in **a single payment**.
- 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.
- Have the TSP purchase **a life annuity** for you with your account balance. You have a choice of many different annuities. (See "TSP Annuities," 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 or other eligible retirement plan. (See footnote 9 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 you are a FERS employee and you have not met the TSP vesting requirements when you leave Federal service, you are not entitled to the Agency Automatic (1%) Contributions in your TSP account (or their earnings). This money will be forfeited to the TSP. (See "What does 'vesting' mean?" on page 11.)

If your vested 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 vested 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.

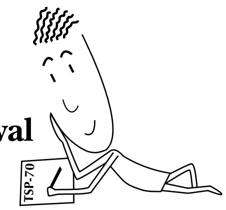
If you cannot be located, your account will be declared abandoned and it will be forfeited to the TSP. You may reclaim your abandoned account at a future date, but you will receive no earnings for the period during which it was abandoned.

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. If you are a married FERS participant, 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-70, Request for Full Withdrawal, waiving his or her right to that annuity. If you are a married CSRS participant, the TSP must notify your spouse of your withdrawal election. (See “Spouses’ Rights,” page 38.)

Spouses’ rights requirements do not apply to automatic cashouts or other 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-70, Withdrawal Request, to specify which TSP withdrawal option you want. If the withdrawal you choose is eligible to be transferred to an 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-70-T, Transfer Information, which is attached to Form TSP-70.

Send your forms to the TSP Service Office at the address on the forms. **Do not submit your Withdrawal Request before the date that you separate from service, and do not submit it to your agency.** Only the TSP Service Office can process your Withdrawal Request. After you have left Federal service, the TSP Service Office will be your primary contact for information about your account and about withdrawal procedures.

Your agency 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 agencies 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 agency 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 41).

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. Your withdrawal must be approved by the last business day of the month in order to be paid in the following month.

Under certain conditions, the TSP reserves the right to postpone processing of a withdrawal when the Withdrawal Request form is received after the end of a month (but before the monthly processing cycle). For example, if you have investments in the F, C, S, or I Fund and there is a sharp decline in the value of the funds accompanied by an unusually large number of requests for disbursements after the month has ended, the TSP may not pay your withdrawal until the following month. This policy is required to prevent removal of funds from the TSP before losses in the F, C, S, and I Funds have been allocated to all participants, including those who are in the process of withdrawing their accounts.

Can I withdraw my account if I am rehired?

A separation from Federal service for TSP purposes is 31 days. If you plan to be rehired 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 you are rehired and 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?

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 are taken out of your pay before your Federal income taxes are computed. Also, the earnings on your TSP account are not subject to Federal income tax while your money is in the TSP.

The way that you withdraw your account determines when you must pay the income tax. 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.

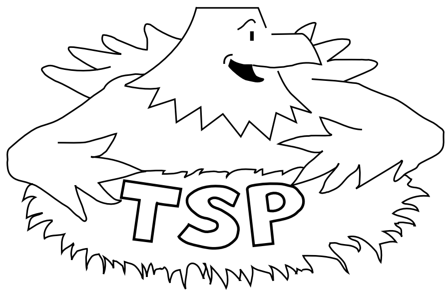
In addition to the ordinary income tax that you pay on money you receive directly from your account, the IRS imposes a 10 percent early withdrawal penalty tax on amounts that you receive from the TSP if you separate or retire **before the year in which you reach age 55** and you withdraw your account 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 financial hardship in-service withdrawals described on page 31). 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.

Certain TSP participants — such as air traffic controllers, law enforcement officers, firefighters, and Foreign Service personnel — routinely retire before age 55. 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 or the IRS regarding 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 personnel office. State and local laws vary in the treatment of TSP withdrawals. You should consult your state or local tax authority concerning taxation of your TSP withdrawal.

How long can I leave my money in the TSP?



If you do not want to withdraw your account when you leave Federal service, 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 year following the year you turn 70½ (or following the 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; however, you will receive no earnings from the date your account was declared abandoned.

What are "required minimum distributions"?

The minimum distribution requirement applies only to participants who have separated from Federal service. It does not apply to active employees, regardless of their age. If you have separated from service, the IRS requires that you receive a certain portion of your account balance beginning with 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 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 personnel office, 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-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-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.[10]

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

If you die before you separate from service, your beneficiaries are entitled to your entire account balance, whether or not you have met the vesting requirement. 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 benefi-

10. 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 his or her children.

ciaries 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. 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 that amount to an IRA (but not to another retirement plan). Payments to beneficiaries other than a spouse are subject to 10 percent withholding; this withholding is optional and may be avoided. Payments to nonspouse beneficiaries cannot be transferred to an IRA.

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 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 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 41).

How will my annuity payments be taxed?

Your annuity payments 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 35.)

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 agency personnel office for a copy; if you have left Federal 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.)

It is important that you read the booklet before choosing an annuity, because once the annuity is purchased, you **cannot** change or cancel it. Rates change over time, so be sure that you are using the most current booklet if you are close to purchasing an annuity.

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 or falsifying the spouse's address.

Borrowing from your TSP account — If you are a married FERS participant, 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 co-signer of your loan or obligate your spouse to repay your loan.) If you are a married CSRS participant, the TSP must notify your spouse before your loan is approved.

Making an in-service withdrawal — FERS participants must obtain their spouses' consent to an in-service withdrawal, regardless of the amount, before the withdrawal can be approved. Spouses of CSRS participants will be notified of any withdrawal.

Making a withdrawal after you separate —
After you separate from Federal service, spouses' rights provisions apply only if your account is more than $3,500. If you are a married FERS participant, 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 must purchase the prescribed joint and survivor annuity for you and your spouse with your TSP account. (See "How long can I leave my money in the TSP?" on page 36.)

If you are a married CSRS participant, the TSP must notify your spouse before you withdraw your account.

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-16, Exception to Spousal Requirements, and submit it with the required documentation to the TSP Service Office at the address on the form. You can get Form TSP-16 from the TSP Web site or from your personnel office.[11]

The following chart summarizes the TSP spousal requirements and exceptions.

Spouses' Rights

Retirement System	Activity	Requirement	Exceptions
FERS	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
CSRS	Loan	TSP must notify spouse of the participant's loan application.	Whereabouts unknown
	In-Service Withdrawal	TSP must notify spouse of the participant's request.	Whereabouts unknown
	Post-Employment Withdrawal*	TSP must notify spouse of the participant's election before withdrawal.	Whereabouts unknown

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

11. The criteria for a claim on the basis of 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-16.

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.

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 can be definitively calculated.

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 personnel office for copies of them.

Other TSP Information

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

Yes. The IRS sets an annual limit — the elective deferral limit — on the amount that you can elect to contribute to a tax-deferred retirement plan such as the TSP. The elective deferral limit is adjusted by law each year to take into account increases in the cost of living. The elective deferral limit does not affect most Federal employees because, in 2001, their contributions to the TSP are limited to 11 percent (FERS) or 6 percent (CSRS) of their basic pay each pay period — an amount that is generally less than the IRS elective deferral limit. (However, see footnote 3 on page 3.) For 2001, the maximum amount of your pay that you can contribute to the TSP is $10,500. The TSP will not accept any contributions that exceed this limit (or any matching contributions related to them).

If you contribute to the TSP and another tax-deferred plan during the year, your combined contributions to both plans may not exceed the IRS limit as it applies to your particular combination of plans. (The maximum amount that you can contribute to the TSP and other plans — for example, 401(k), 403(b), and 457 plans — varies. If you have questions about your situation, you should consult your tax advisor or the IRS.)

If you exceed the applicable annual limits, you can request a refund of the excess amount from one or more of the plans. To request a refund of excess contributions to 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 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 a highly paid FERS employee (for example, with a salary of more than $95,455 in 2001), you should keep the annual limit on tax-deferred contributions in mind when deciding how much you will contribute to your TSP account. You could lose the opportunity to receive some Agency Matching Contributions if you reach the annual maximum too quickly, because you only receive Agency 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 Agency Matching Contributions) will stop. As a result, you will not get the full amount of Agency 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.

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 personnel office for a copy.

Does my participation in the TSP affect my IRA?

Participation in the TSP does not affect your ability to contribute to an IRA. Because you are a Federal employee covered by a Government retirement plan, your ability to make tax-deductible contributions to an IRA depends upon your income and that of your spouse.

You cannot roll over your IRA into the TSP; however, you can roll over amounts from certain other retirement plans and conduit IRAs into the TSP. (See page 8.) When you separate, you can transfer your TSP account to your IRA or roll it over without regard to the annual limits that the IRS imposes on 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 personnel office.

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 personnel office 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 the 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 the first contribution is posted to your account. Your TSP PIN is **not the same** as your PIN for other agency systems (e.g., Employee Express, PostalEASE). For assistance with those PINs, you must contact your agency.

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

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 funds in which you have invested. The value of your account will be based on the daily share price of those funds and on 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 both in 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 or 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 the spouse of a FERS participant, 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-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.

In-service withdrawals. Financial hardship in-service withdrawals will no longer be considered eligible rollover distributions for Federal income tax purposes and will therefore no longer be subject to mandatory 20% Federal income tax withholding. You will not be able to transfer such in-service withdrawals to an IRA or other eligible retirement plan. The default tax withholding will be 10%, which may be increased or decreased by submitting Form W-4P, Withholding Certificate for Pension or Annuity Payments.

Post-employment withdrawals. After you leave Federal service, 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 by any combination of the existing withdrawal options: single payment, monthly payments,[12] and TSP annuity. This will be known as a "mixed withdrawal."

12. The TSP will no longer offer monthly payments based on the IRS life expectancy table.

If you leave Federal service with an account balance 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, you will be able to learn your current account balance, 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 your request requires your spouse's signature or additional documentation.

If you are a new participant, your Personal Identification Number (PIN) for the Web site or the ThriftLine will be mailed to you by the TSP in a separate mailing as soon as your agency establishes your TSP account.

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 Federal service, to update) your name and address, and to reamortize a loan. Eventually, you will be able to estimate monthly withdrawal payments using your current account balance, and 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. You will be able to transfer automatically from the ThriftLine to a customer service representative during normal business hours.

TSP Materials and Resources

TSP Materials Available From the TSP Web Site, Your Agency Personnel Office, and the TSP Service Office

- **Booklets:**

  Summary of the Thrift Savings Plan for Federal Employees

  TSP at a Glance

  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

  The Thrift Savings Plan and IRAs

  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?"

  FERS:

  "Start on the Right Track"

  "Understanding Your TSP Participant Statement"

  "You may think the TSP is not for you . . ."

  "One Perfect Match"

  CSRS:

  "Take a closer look at the TSP"

  "Understanding Your TSP Participant Statement"

TSP Web Site – http://www.tsp.gov — A source for up-to-date TSP information, answers to many TSP questions, rates of return, current loan interest rate and the annuity interest rate index, forms and publications, calculators to project your future account balance and estimate annuity payments, and a vehicle for making interfund transfers and allocating future contributions. All the above TSP materials 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. It also handles loans, contribution allocations, interfund transfers, designation of beneficiaries, and withdrawals. TSP Service Office hours are 7:00 a.m. to 4:30 p.m., central time.

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 employed, your primary contact for TSP information is your agency personnel office.

Federal Retirement Thrift Investment Board

Printed on Recycled Paper
FPI-PET

TSPBK08 (Revised 5/2001)
Retain Until Reissued