

Thrift Savings Plan Updates

The first contribution to the TSP establishes your account. If you are a FERS employee hired (or a CSRS employee rehired) after July 31, 2010, your agency has automatically enrolled you in the TSP, and 3% of your basic pay is deducted from your paycheck each pay period and deposited in your TSP account, unless you make a contribution election (page 3) to stop or change your contributions. If FERS, you also get contributions from your agency so that a total of 7% of basic pay goes into your TSP account each pay period.

If you are a FERS employee hired before August 1, 2010, you already have a TSP account with accruing Agency Automatic (1%) contributions. You must make a contribution election (page 3) to start contributing your own money to your account and to receive Agency Matching Contributions.

The L 2010 Fund will close on December 31, 2010, and the new Lifecycle fund, the L 2050 Fund will be launched on January 31, 2011.

When one of the L Funds reaches its time horizon (or final asset allocation), it is retired, the investments in the fund are rolled into the L Income Fund, and a new fund with a more distant time horizon is introduced. The L 2010 Fund reached its final asset allocation this past July, and will be retired on December 31, 2010, making way for the introduction of the new L 2050 Fund.

The L 2050 Fund. As the L Fund with the most distant time horizon, the L 2050 Fund will focus more on growth than on the preservation of assets. It will therefore have the most aggressive investment mix of all the L Funds, with higher percentages in domestic and foreign stocks (the C, S, and I Funds), and lower percentages in Government securities and bonds (the G and F Funds). Like all the L Funds, as the L 2050 Fund ages, its investment mix will gradually shift to more conservative investments.

The initial share price for the L 2050 Fund will be \$10.

Who should invest in the L 2050 Fund? Generally speaking, you should invest in the L 2050 Fund if you are looking for broad diversification of your investments and you expect to need your money in 2045 or later. The L Funds are designed so that 100% of your TSP account can be invested in the single L Fund that most closely matches your time horizon. Some participants who are currently invested in the L 2040 Fund may want to consider moving to the L 2050 Fund if that time horizon is more appropriate to their target retirement date.

Getting in. Beginning at 12 noon Eastern time on January 28, 2011, participants will be able to begin making contribution allocations and interfund transfers into the L 2050 Fund through the My Account section of the TSP website or by calling the ThriftLine. These elections will become effective on January 31, 2011, the opening date of the Fund.