



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

August 10, 2009

MEMORANDUM FOR THE BOARD MEMBERS SAUL, FINK, WHITING,
SANCHEZ & DUFFY

FROM: GREG LONG
Executive Director

SUBJECT: Project Management Overview

This has been a tremendously important year in the development of both the FRTIB and the Thrift Savings Plan. In early 2009, the FRTIB senior management team formalized its process for strategic planning. The resulting strategic plan documents our Agency's mission, core values, and vision. The plan also defines our goals and projects over the next two years. Further, on June 22, the President signed the Thrift Savings Plan Enhancement Act of 2009 into law. These events will translate into multiple projects for our Agency and major enhancements to the TSP.

Much of this Agency's work over the next two years will occur behind the scenes. Specifically, critical work that we have planned to maintain excellence in daily operations, ensure financial accountability, and develop a robust and secure infrastructure is not likely to make headlines.

Some projects, by their nature, will have a higher profile with participants, the press, and other interested parties. Most of the projects resulting from the recent legislation are high profile items. Additionally, the activities we have initiated with regard to the participant Web site, e-messaging, and the launch of the L2050 Fund will also be followed with some interest. The following provides an overview of our higher profile initiatives:

Immediate Agency Contributions

The Act eliminates the waiting period for FERS employees to receive Agency Automatic (1%) and Agency Matching Contributions. The rule affects all FERS employees hired after the Act was signed and those employees who were in the waiting period for their agency contributions, i.e., those hired on or after December 1, 2008.

We initiated discussions with human resources and payroll personnel prior to passage of the Act and published an interim final rule in the Federal Register on

June 19. Participant data from July already reflect an increase in participants who previously had not been in the TSP because they were neither deferring their own contributions nor were they eligible for the Agency Automatic (1%) Contributions. August data should show that all contributing FERS participants have begun to receive their Agency Automatic and Matching Contributions.

Automatic Enrollment

The new law authorizes automatic enrollment for new Federal civilian employees. Unless newly eligible employees opt-out or elect a different deferral percentage, they will be automatically enrolled at 3% of pay.

Discussions with agency human resources and payroll personnel have been initiated as the employing agencies will be responsible for automatically enrolling their respective employees. Discussions with our recordkeeping and service vendors are in-progress. Changes in internal and external procedures will be required, but major systems modifications are not expected. Changes to our communications materials and educational programs are being incorporated into future content. We expect to fully implement automatic enrollment in the spring of 2010.

Spouse Beneficiary Accounts

The new law authorizes the Agency to enable spouse beneficiaries to take ownership of a TSP account. Developed in response to an Employee Thrift Advisory Council recommendation, this capability will remove the requirement for a surviving spouse to transfer account balances out of the TSP and into an individual retirement plan or receive the cash – options that are often not financially optimal. Instead, they will be able to leave the assets with us, in an account in their name, thereby taking advantage of the TSP's low costs and, in the case of the G Fund, unique benefits.

Discussions with our recordkeeping and service vendors are in-progress. Changes in account set-up and maintenance procedures will be required and some systems modifications, e.g., to establish a new account type and provide for tailored forms, are expected. Changes to our communications materials and educational programs are being planned. We expect to implement spouse beneficiary accounts in early 2010.

Roth Accounts

The new law authorizes adding a Roth 401(k)-type feature to the TSP. The Roth feature will permit participants to contribute after-tax dollars to the TSP.

This feature will require substantial modification to Federal agency and uniformed services human resource and payroll systems and discussions with these representatives have been initiated. Significant internal changes to the TSP's communication materials, its education and call center programs, and the recordkeeping and accounting systems are also required. Discussions with our recordkeeping and service vendors have been initiated. The Roth project will affect almost all of our systems, forms and communication materials. It is a large-scale project which I anticipate will take two years to complete.

Mutual Fund Window

The new law authorizes adding a mutual fund window to the TSP, but does not require its implementation.

Both the FRTIB Board Members and Employee Thrift Advisory Council Members have expressed some concerns with offering a mutual fund window. While the legislation permits the creation of this feature, we will take no project management action on this without further consultation with Board Members.

Participant Website

Work on the redesign of the participant Web site has been ongoing for over a year. This project is reaching a major milestone with the launch of the beta site planned in October. During the 4th quarter of 2009, we will collect feedback on the beta site and incorporate any changes into the final design. We anticipate full roll-out of the new site in the first quarter of 2010.

Launch L2050 Fund

At the end of 2010, the assets in the L2010 Fund will roll into the L Income Fund. In January 2011, we will launch the L2050 Fund. This two-phase project has significant communication, accounting, recordkeeping, and investment reporting implications. Planning for the transition is well underway and on schedule.

E-messaging

Today the TSP does not have the resources or procedures in place to respond to e-mailed account service inquiries from participants. Creation of e-messaging services through the TSP website will permit a secure and convenient method for participants to send the TSP an electronic message with inquiries specific to their account.

Procurement of the e-messaging system application is underway. In addition, the team to respond to the inquiries has been identified and the initial discussions

on how the process will work have begun. We anticipate launching this service in conjunction with the roll-out of the redesigned website in the first quarter of 2010.

Attachments:

1. FRTIB Strategic Plan
2. Fact Sheet on Legislative Changes to the Thrift Savings Plan