



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

March 16, 2011

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: RENÉE WILDER *VTM/pn RW*
DIRECTOR, OFFICE OF RESEARCH & STRATEGIC PLANNING

SUBJECT: STATUS OF ROTH TSP IMPLEMENTATION

The Thrift Savings Plan Enhancement Act of 2009 tasked the Agency with implementing a number of benefit enhancements, including offering participants a Roth TSP (after-tax savings vehicle). Shortly after the passage of this enabling legislation, the Agency established a launch date for accepting first contributions into the Roth option of 1st Quarter 2012.

The Agency formally began the process of implementing the Roth TSP in August 2010. At that time, an assessment of the impact of Roth on the various applications supporting our recordkeeping and Agency operations was initiated along with a detailed project plan outlining the steps to implementation. Since project initiation, significant progress has been made towards implementing the Roth TSP:

- Implementation of OmniPay (including enhanced tax reporting capabilities) is nearing completion. Additionally, modifications and updates to all applications supporting the administration of Roth TSP are in various stages of software development.
- The drafting and editing of numerous provisions within Title 5 of the Code of Federal Regulations is well underway.
- Changes required to multiple forms, notices, and communication materials are all in-progress.
- Documentation of systems changes required by the payroll offices of civilian agencies and the uniformed services for "money-in" functions have been distributed.

Several payroll offices have indicated that they have begun the process of programming their systems to address identifying and transmitting Roth contributions and anticipate being ready to do so by January 2012. Conversely, other offices have indicated that they will have difficulty meeting the early 2012 date for processing the first Roth contributions. We are continuing to work with

the payroll offices as they re-design their systems to accommodate the new Roth requirements and determine their readiness dates.

One of our goals in launching the Roth TSP feature will be to communicate complex concepts effectively to a large audience while also minimizing expenses. Our primary tool for communicating to the entire TSP population is the annual participant statement which is mailed throughout the month of February each year. In order to utilize this mailing as a launch announcement, the launch date will need to be no sooner than March 2012.

Additionally, one of our lessons learned from the December 2010 Required Minimum Distribution incident was to separate the deployment of new programs and consequently new code from periods of high systems processing (e.g. year-end).

The project plan is a "living document" that will, and has, changed as we have progressed and learned more about the elements contributing to implementing the Roth TSP. Knowledge gained from this process and the lessons learned from deploying significant new code at year-end has led us to conclude a more appropriate launch date for the Roth TSP is 2nd Quarter of calendar year 2012.