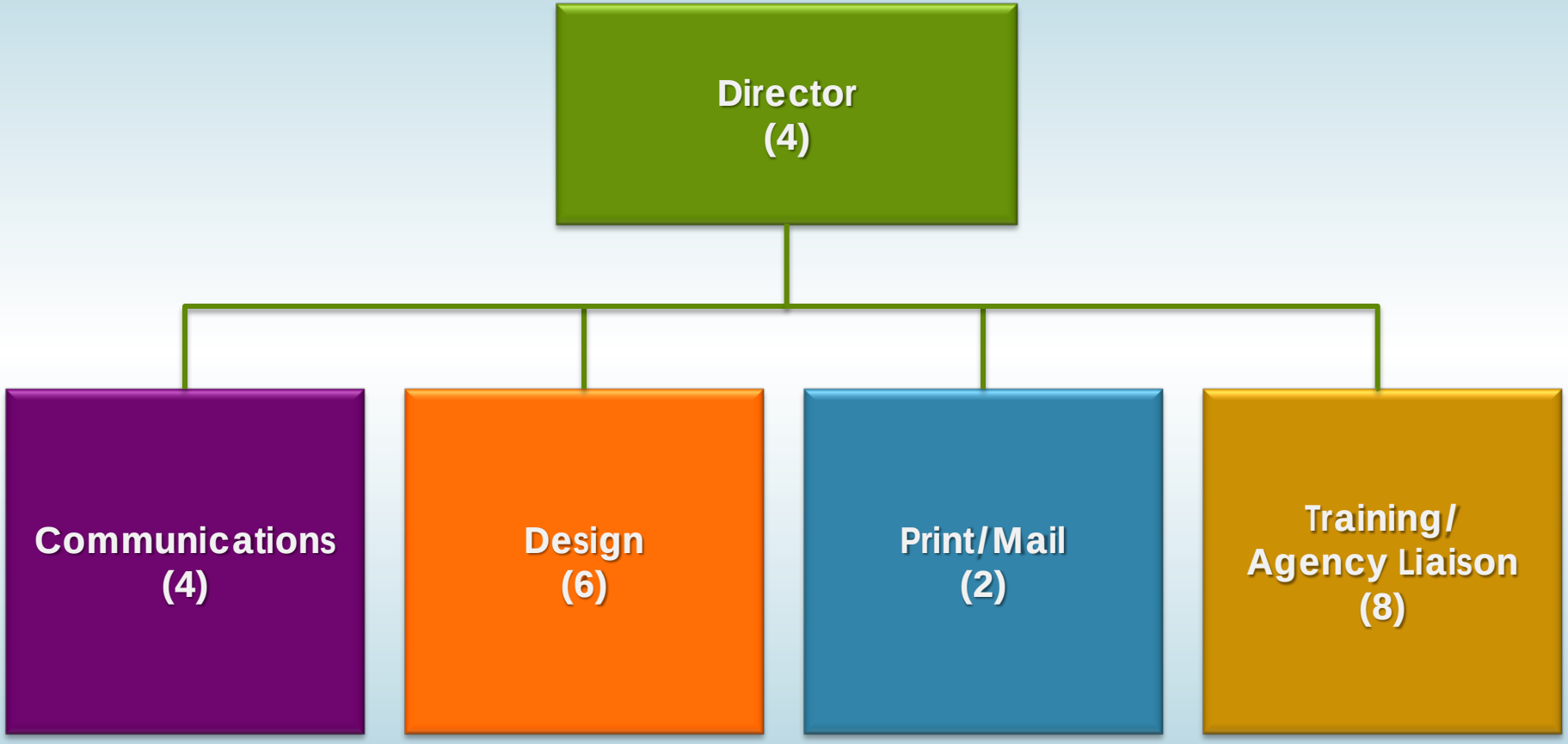
Office of Communications and Education

Annual Board Report
May 23, 2016

What We Do

Educate and inform participants, potential participants, beneficiaries, and TSP partners so that participants may take full advantage of the TSP's features and benefits in meeting their retirement goals.

OCE Organization



Training

MONTA
NORTH DAKOTA
MINNES
MAINE
SOUTH DAKOTA
WYOMING
IOWA
NEBRASKA
INDIANA
UTAH
KANS
MISSOURI
ARIZONA
ARKANSAS
LOUISIAN
FLORIDA
ALASKA

Feedback

- 99% would recommend session
- 75% said they learned some…or a lot
- 93% said they planned to take some kind of action

Feedback

- 23% increase contributions
- 27% change the way TSP account is invested
- 8% delay planned retirement date

Listening

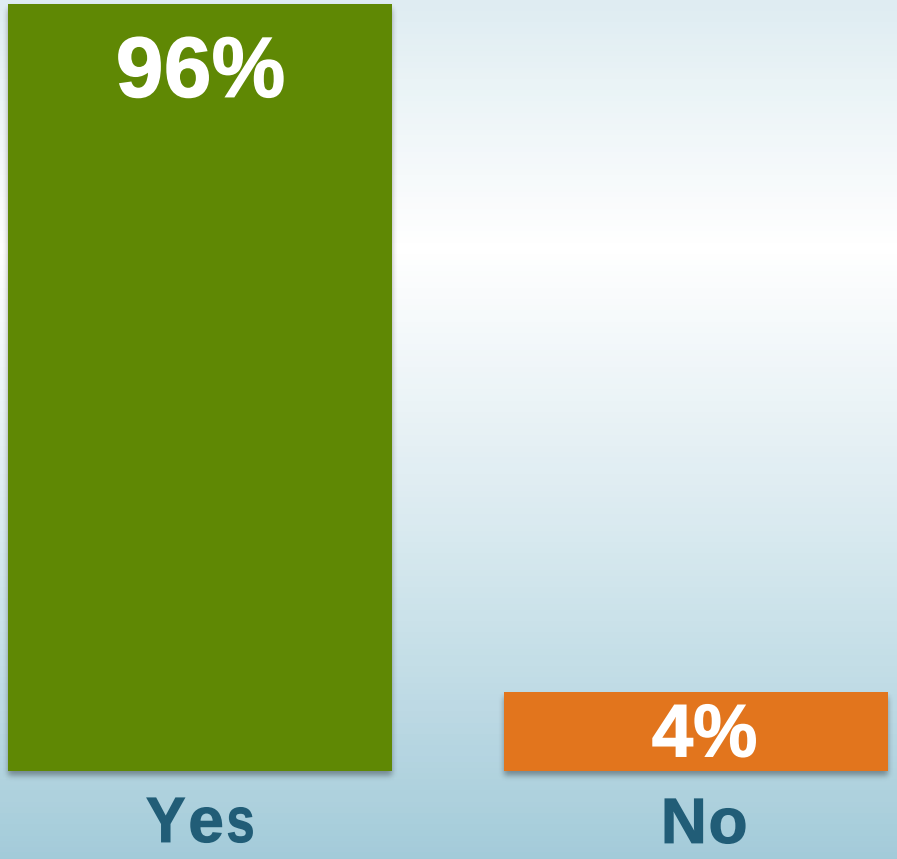
My Account Survey

The Survey Questions

- While logged into My Account, were you able to find what you were looking for?
- How can the TSP improve your online experience in the future?
- Where were you when you visited My Account?

Question 1: Finding Information

While logged into My Account, were you able to find what you were looking for?

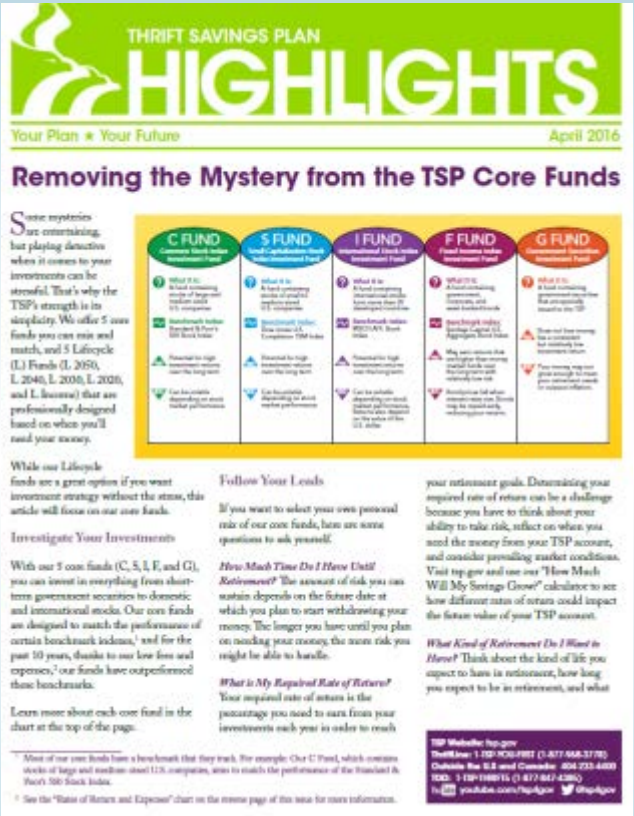


Question 2: Improving My Account

Most Prevalent Requests:

- Graphs/Charts
- Online password resets
- Form status
- Contributions
- IFT
- Advice

Actions Taken



THRIFT SAVINGS PLAN

HIGHLIGHTS

Your Plan ★ Your Future — April 2016

Removing the Mystery from the TSP Core Funds

Some mysteries are entertaining, but playing detective when it comes to your investments can be stressful. That's why the TSP's strength is its simplicity. We offer 5 core funds you can mix and match, and 5 Lifecycle (L) Funds (L 2050, L 2040, L 2030, L 2020, and L Income) that are professionally designed based on when you'll need your money.

C FUND — S FUND — I FUND — F FUND — G FUND

While our Lifecycle funds are a great option if you want investment strategy without the stress, this article will focus on our core funds.

Investigate Your Investments

With our 5 core funds (C, S, I, F, and G), you can invest in everything from short-term government securities to domestic and international stocks. Our core funds are designed to match the performance of certain benchmark indexes,[1] and for the past 10 years, thanks to our low fees and expenses,[2] our funds have outperformed these benchmarks.

Learn more about each core fund in the chart at the top of the page.

Follow Your Leads

If you want to select your own personal mix of our core funds, here are some questions to ask yourself.

How Much Time Do I Have Until Retirement? The amount of risk you can sustain depends on the future date at which you plan to start withdrawing your money. The longer you have until you plan on needing your money, the more risk you might be able to handle.

What is My Required Rate of Return? Your required rate of return is the percentage you need to earn from your investments each year in order to reach your retirement goals. Determining your required rate of return can be a challenge because you have to think about your ability to take risk, reflect on when you need the money from your TSP account, and consider prevailing market conditions. Visit tsp.gov and use our "How Much Will My Savings Grow?" calculator to see how different rates of return could impact the future value of your TSP account.

What Kind of Retirement Do I Want to Have? Think about the kind of life you expect to have in retirement, how long you expect to be in retirement, and what

TSP Website: tsp.gov
ThriftLine: 1-TSP-YOU-FIRST (1-877-968-3778)
Outside the U.S. and Canada: 404-233-4600
TDD: 1-TSP-THRIFTS (1-877-847-4385)
youtube.com/tspdgov @tspdgov

[1] Most of our core funds have a benchmark that they track. For example: Our C Fund, which contains stocks of large and medium-sized U.S. companies, aims to match the performance of the Standard & Poor's 500 Stock Index.

[2] See the "Rates of Return and Expenses" chart on the reverse page of this issue for more information.

your income needs might be. Start by estimating a percentage of your current annual income that you think might sustain you in your retirement years. Then determine the extent to which you expect to rely on your TSP account for that income.

Remember: If you don't feel comfortable choosing how to invest in the core funds, consider our Lifecycle (L) Funds. They're professionally designed based on your target retirement date.

Crack Your Investment Case

Do you want to change the funds that you're invested in?

1) Log into My Account at tsp.gov. If you've forgotten your password, you may call our ThriftLine at 1-877-968-3778 and choose option 3 to reset it.

2) To change the way new money coming into your account is invested, choose "Contribution Allocations" from the Online Transactions menu on the left side of the screen.

3) To change the way money that is already in your account is invested, choose "Interfund Transfers" from the Online Transactions menu.

4) You can also call the ThriftLine to complete these transactions.

Visit the "Investment Funds" section of tsp.gov to learn more about the TSP funds. You can also watch our series of informational videos about our funds, "Your TSP Investment Options," at youtube.com/tspdgov.

Why Are There Limits on Interfund Transfers?

An interfund transfer (IFT) allows you to redistribute the money you already have in your TSP account among our funds. You're allowed unlimited transfers to the G Fund as a safe haven, but for all other IFT requests, you can make up to 2 per month. Why?

One of the best qualities of the TSP is its extraordinarily low cost to you. Allowing unlimited transfers has been shown to increase our expenses, resulting in your keeping less of what you save. Plus, since there's a time lapse between your IFT request and its going into effect—requests made after noon Eastern time are generally processed the next business day—efforts to "time the market" may not have the desired results.

Rates of Return and Expenses

	L 2050	L 2040	L 2030	L 2020	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
Rates of Return										
Year-to-Date	-8.86%	-8.27%	-7.58%	-7.55%	-6.91%	0.19%	1.49%	-4.96%	-8.72%	-5.62%
1-Year	-3.39	-2.62	-1.76	-0.66	1.01	2.06	0.28	-0.98	-9.72	-7.21
3-Year	7.03	6.66	6.13	5.40	3.68	2.10	2.62	11.38	7.31	1.32
5-Year	7.41	7.03	6.47	5.66	3.58	2.02	3.85	10.97	8.36	2.11
2015 Administrative Expenses										
Gross	.063%	.063%	.063%	.063%	.063%	.063%	.063%	.063%	.063%	.063%
Net	.029%	.029%	.029%	.029%	.029%	.029%	.029%	.029%	.029%	.029%
Other Expenses[3]										
	.012%	.012%	.012%	.007%	.002%	.000%	.016%	.008%	.008%	.015%

The returns for the TSP funds represent net earnings after the deduction of administrative expenses and, in the cases of the F, C, S, I, and L Funds, after deduction of trading costs and investment management fees as of January 31, 2016. Additional information about the TSP funds, their related indexes, and their respective monthly, annual, and 10-year returns can be found in the TSP Fund Information sheets and by visiting "Fund Performance" at tsp.gov.

With the exception of L 2050, the Lifecycle Funds, which are invested in the individual TSP funds—G, F, C, S, and I[1]—were implemented on August 1, 2005. Therefore, their first annual returns are for 2006. Since L 2050 was implemented on January 31, 2011, its first annual returns are for 2012.

[1] Net administrative expenses are the expenses charged to TSP participants per dollar invested in the respective funds after offsetting gross administrative expenses with account forfeitures and loan fees.

[2] Fees associated with securities lending are not included in 2015 administrative expenses. Consistent with standard practice in the industry, they are charged in addition to administrative expenses. The other expenses represent fees paid to the investment manager for administering securities lending programs. Income earned from these programs improved the returns of the funds.

[3] The Government Securities Investment (G) Fund contains government securities; the Fixed Income Index Investment (F) Fund contains government, corporate, and asset-backed bonds; the Common Stock Index Investment (C) Fund contains stocks of large and medium-sized U.S. companies; the Small Capitalization Stock Index Investment (S) Fund contains stocks of small to medium-sized U.S. companies; and the International Stock Index Investment (I) Fund contains stocks from more than 20 developed countries.

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Stay

ARE YOU LEAVING FEDERAL SERVICE?

STAY

Stay

If you're thinking about moving the money in your TSP account to another plan, don't get blindsided. Ask the provider these questions first and see how the answers compare to the TSP.

		Plan "X"	TSP
1	What is the average net expense I'll pay for every $1,000 I invest?		29¢*
2	What additional annual fees, commissions, or charges will I pay for investments?		$0.00
3	What profit do you make if I invest with you?		$0.00
4	Do you have a responsibility (fiduciary obligation) to put my interests ahead of your own?		Yes
5	Will your plan protect my retirement funds from creditors' claims?		Yes
6	When I'm ready to retire, can you set up a series of scheduled withdrawals so I can receive income without giving up control of my account?		Yes
7	Can I change my investments or take withdrawals without being subject to surrender fees or back-end charges?		Yes

So how did we measure up? We think that when you see the final tally, you'll decide that other plans just can't compete. Not that we're keeping score.

* Net expenses charged to TSP participants in 2013

Stay

In the end, each individual's situation is different and should be considered when making this decision. Our goal is to help provide the tools you need to make the best choice for yourself.

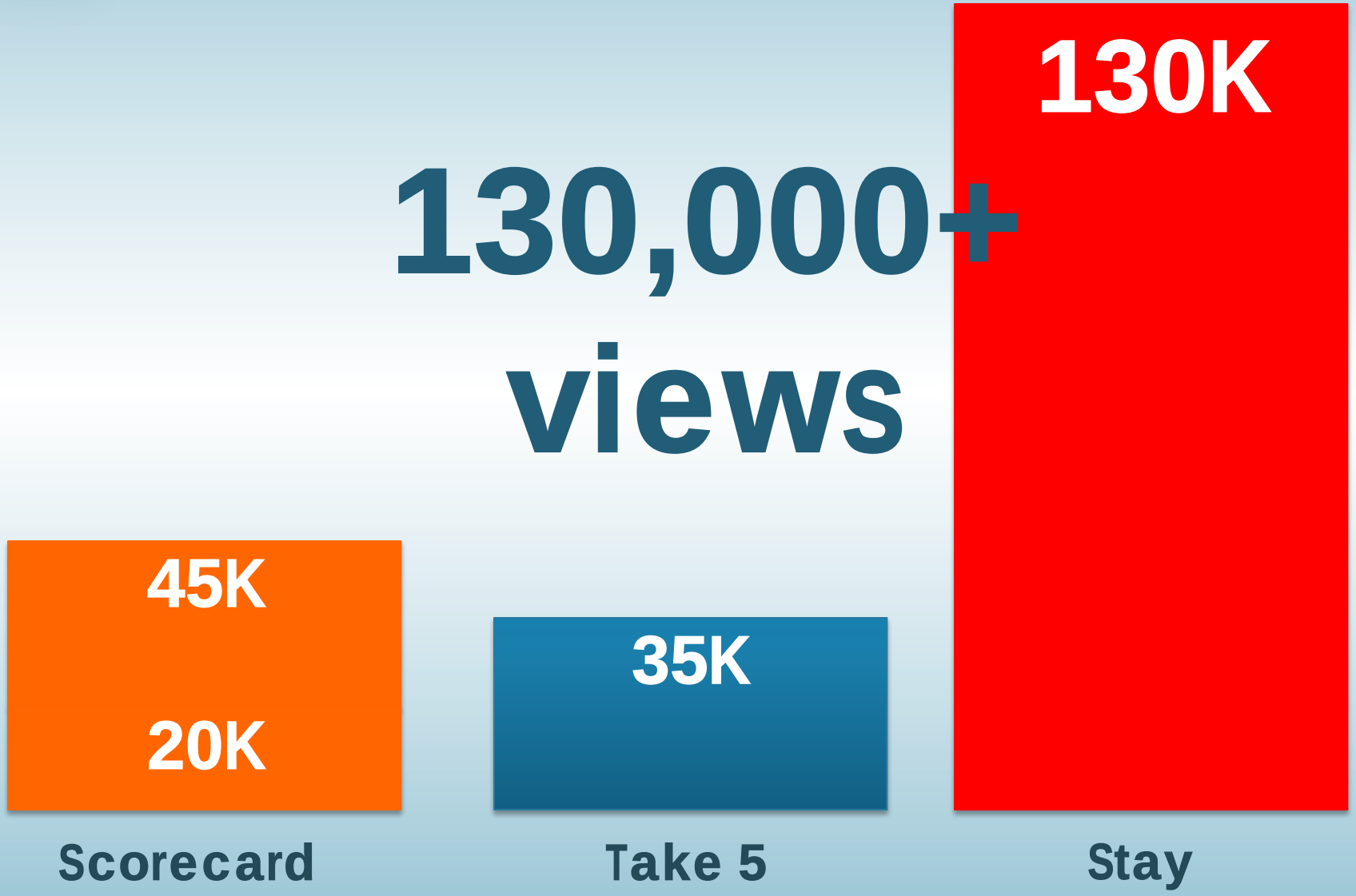
We want to hear from you. Let us know what you think of this site.

@tsp4gov

youtube.com/tsp4gov

Stay Microsite

130,000+ views



Survey Respondents

70% 55 and Older

91% Civilians

62% Active Participants

Comments

"These materials were not available when I had to decide.... I would not have moved my money."

"I left my money in the TSP since I left almost 10 years ago. This just reinforces my great decision!"

"I'm about 18 months out from retirement.... I thought I had to move it and wasn't looking forward to it."

Comments

"Materials were all great and we would really like to stay but TSP withdraw polices are absolutely ridiculous…Change your policies and you will undoubtedly retain many more folks."

"I can go to Vanguard and my expense ratio for comparable index funds is only a couple hundred dollars more per year. It's worth it to me to have my money when I want it… The STAY materials are maddening, as they don't address the real issues."

"The primary reason for leaving TSP is the inflexibility [for] the use of the funds, otherwise I would have never left."

FLEC Pilot

Financial Literacy and Education Commission

- Department of Labor (DOL)
- Salary information
- Employee email addresses

DOL Email

Exhibit 1. Study email sent to randomly selected employees

Subject: You are missing out on free money every pay period – here's how to get it.

…If you aren't contributing at least 5% to the Thrift Savings Plan (TSP), you are missing out on free money every pay period!

…Getting the full match today may open up more choices for you to enjoy in retirement. The sooner you start, the more you can make your money work for you.

How to quickly change your contribution now

1. Log into your Employee Personal Page and click "TSP" on the left hand side. Forgot your user ID or password? Click here.
2. Click "self-service" in the upper right corner.
3. Click "change," then enter the percent you want to contribute (for example, 5%) and the pay period you would like to start your new contribution amount. ****Don't worry, this decision isn't final. You can change your contribution at ANY time.*****
4. Click "continue," then, "yes," and then "submit' to finish.
5. Sit back and watch your money grow!

Remember, setting aside a little money today can make a big difference in the future. Start now by trying at least 5% this pay period.

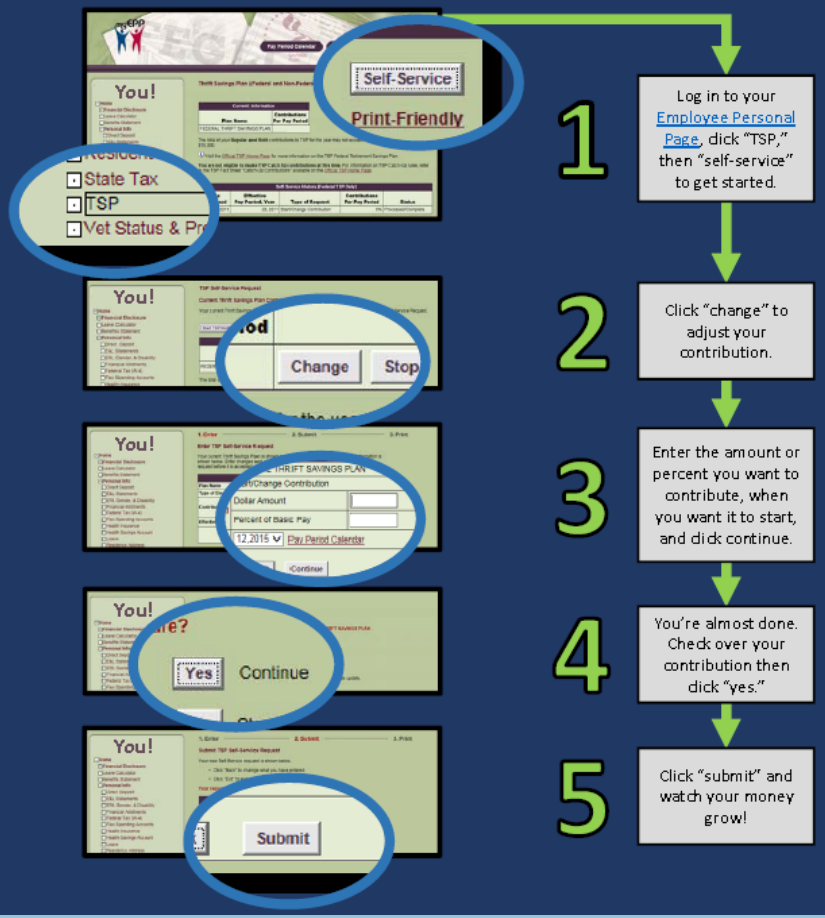
Need more help navigating the Employee Personal Page? Use the attached guide that shows you how to change your contribution level. You can also contact your servicing human resources office if you have any further questions.

Office of Worklife, Leave and Benefits Policy & Programs
Human Resources Center

DOL Email

Just a few clicks can give you more choices to enjoy in retirement.

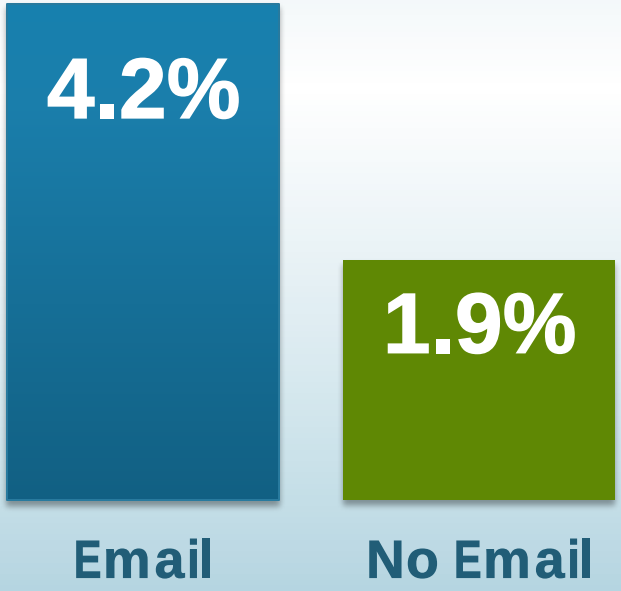
Complete these **5 simple steps** now to get your full match from DOL and avoid missing out on free money. Don't worry, this decision isn't final. You can change your contribution at ANY time.



1. Log in to your Employee Personal Page, dick "TSP," then "self-service" to get started.
2. Click "change" to adjust your contribution.
3. Enter the amount or percent you want to contribute, when you want it to start, and dick continue.
4. You're almost done. Check over your contribution then dick "yes."
5. Click "submit" and watch your money grow!

Results of DOL Test

Started contributing 5% or more:



- Increased annual savings by $3,000
- Gained 1% match
- $115,000 more in their TSP account

Shining Star

Questions

Annual Board Report

Jim Courtney May 23, 2016