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Federal Diary

Stephen Barr, Columnist

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As TSP Grows, Participants Get Chance to Chart Future

By [Stephen Barr](#)

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Account balances in the Thrift Savings Plan could grow to \$200 billion by year's end, the chairman of the board that oversees the 401(k)-type plan for government employees said yesterday.

Hitting \$200 billion would make the TSP twice as large as four years ago, *Andrew M. Saul*, the head of the Federal Retirement Thrift Investment Board, said at the board's monthly meeting. "That's really a milestone," he said.

TSP participants, like many other investors, are benefiting from the recent run-up in the stock market. Since the start of the year, the TSP's international stock index fund has gained 14.55 percent, and the large, common stock index fund has returned 8.49 percent, according to data presented to the board.

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Trading costs also have jumped for the TSP, according to data released yesterday. For the first six months of this year, the plan's investment expenses totaled \$9.85 million, slightly more than the trading costs incurred by the plan for all of 2005. TSP officials said most of this year's trading costs were driven by increased transactions in the international index fund, which is more expensive to buy and sell in than other TSP funds.

Despite the interest in the international fund, it is not the most popular investment choice for government workers. At the end of September, 37 percent of TSP assets were in the government securities fund and 35 percent in the large, common stock index fund. Only 9 percent of TSP assets, about \$16.7 billion, were in the international fund. The rest of the account balances were spread across the bond index, small-company and life-cycle funds.

The life-cycle funds, which were launched a year ago, are showing steady growth. Last month, officials noted, TSP investors pulled out about \$689 million from the government securities fund and transferred most of it into life-cycle funds, bringing the balance in those accounts to \$14 billion.

The L Funds, as they are known, allow participants to diversify their savings by selecting an investment mix that most closely meshes with the time that they expect to draw down their retirement savings.

The TSP was created by Congress about 20 years ago and has 3.66 million participants. About 86 percent of workers covered by the Federal Employees Retirement System contribute to the TSP and receive matching contributions from their agencies. FERS-covered employees also qualify for Social Security and a pension.

Other government workers who typically qualify for a traditional pension or military retirement pay do not receive matching contributions from their agencies. About 67.5 percent of employees in the old Civil Service Retirement

Transcript




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System participate in the TSP, and 23.6 percent of the armed forces and other uniformed services make contributions.

TSP officials plan to put a questionnaire in the mail at the end of the month to gather feedback on what participants think of their retirement plan and what changes they might support. About 20,000 participants will receive the survey.

Officials hope to use the feedback and a consultant's study to make decisions late this year or next year on whether to recommend new investment options for the TSP, such as real estate, commodities and emerging markets.

Other issues likely to come before the board next year include:

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