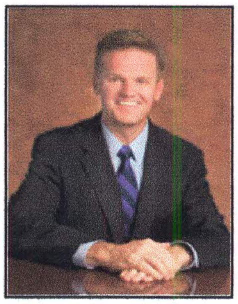
Thrift Savings Plan

A Message from the TSP's Executive Director



Dear Participants:

I am very pleased to announce that the Roth TSP feature will be implemented on May 7, 2012. Agencies and services can begin offering this opportunity to eligible employees and members of the uniformed services at that time.

Roth TSP is an important new feature that will give you greater flexibility in the tax treatment of your employee contributions. It will allow you to make after-tax contributions to your TSP account. These Roth contributions are tax-free when withdrawn; their earnings are also tax-free (as long as certain IRS requirements are met).

I urge you to carefully consider whether Roth TSP would be to your advantage. As with all tax matters, you should seek the advice of a qualified tax or financial advisor for information pertaining to your specific tax situation. In the meantime, visit TSP.gov to find answers to general questions about Roth TSP. Additional information is on the way, including a Roth Decision Wizard (or calculator) to help you with your decision. Forms and Publications, as well as other website content, will be updated in May to include information about the Roth feature.

Because implementation of Roth TSP involves technical and programmatic modifications of their payroll systems, not all agencies or services will be ready to participate in Roth TSP on May 7. Check with your own agency or service to find the date when you can begin making Roth employee contributions.

Greg T. Long
Executive Director

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77 K Street, NE Washington, DC 20002

THRIFT SAVINGS PLAN

FOR IMMEDIATE RELEASE
April 11, 2012

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD ANNOUNCES THE LAUNCH DATE FOR NEW ROTH TSP OPTION

Washington, D.C. -- The Federal Retirement Thrift Investment Board announced today at its quarterly inter-agency meeting of Thrift Savings Plan (TSP) coordinators that May 7, 2012 will be the day that the TSP will begin to accept Roth TSP contributions. The Roth TSP was authorized by the Thrift Savings Plan Enhancement Act of 2009, which was enacted on June 22, 2009, and will allow Federal civilian employees and members of the uniformed services to contribute after-tax dollars into the TSP for the first time. Both the contributions and their earnings will be tax-free when withdrawn, as long as IRS requirements are met.

According to Greg Long, Executive Director of the Agency, "the Roth TSP option offers an important new tool for Federal civilian employees and uniformed service members in managing their retirement income by providing greater flexibility in the tax treatment of contributions now and in the future." Long noted that the Agency will continue to provide participants and agencies with educational materials to help them understand this new option but, as with all tax matters, participants should seek the advice of their qualified tax or financial advisers for answers to questions pertaining to their specific tax situation.

The Agency has been sharing Roth TSP planning bulletins with agency and service payroll and personnel representatives since December 2010 to provide them with the information they require to be able to program their payroll systems to accept and transmit pre-tax and after-tax money. The Agency is aware that not all agencies or services have completed the technical and programmatic modifications of their payroll systems required to implement Roth TSP. These agencies or services will require additional time to modify their payroll systems and will be able to begin participation in Roth as soon after May 5, 2012 as they are able.

With the addition of the Roth TSP option, participants can choose to invest pre-tax or after-tax dollars in any of the TSP funds, up to the Internal Revenue Code limits. TSP participants can currently invest in ten different funds: the five Lifecycle (L) Funds, the Government Securities (G) Fund, and the four broadly diversified stock and bond funds - the Fixed Income Index Investment (F) Fund, the Common Stock Index Investment (C) Fund, the Small Capitalization Index Investment (S) Fund, the International Stock Index Investment (I) Fund.

The TSP is a retirement savings plan for Federal employees; it is similar to the 401(k) plans offered by many private employers. As of March 2012, TSP assets totaled approximately $308 billion, and retirement savings accounts were being maintained for roughly 4.5 million TSP participants. Participants include Federal civilian employees in all branches of Government, employees of the U.S. Postal Service, and members of the uniformed services. Additional information can be found at www.tsp.gov.

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Kim Weaver
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(end)

Thrift Savings Plan
HIGHLIGHTS
April 2012

Scan above or visit the TSP website to view a short video about the TSP Roth feature.

www.tsp.gov/roth/index.shtml

Considering Roth? It's a tax decision.

It is not easy to decide if Roth TSP is right for you. Generally, Roth TSP might be a good fit for those who expect their tax rate to be higher in retirement than it is now. But it is not that simple.

When you make Roth contributions, there is no reduction in your adjusted gross income (as there is when you make traditional pre-tax contributions), and this is an important factor in establishing your tax bracket and the tax deductions and credits that you can take.

You should consider these factors as you decide on making Roth contributions. If you are in doubt, consult a qualified financial or tax advisor to be sure that you consider all the complexities of the tax law as they apply to your own situation.

Your Roth Questions Answered

By now you have probably heard that the TSP is adding a Roth TSP feature in the coming months. When you make Roth contributions, you will pay taxes on them as they go into your TSP account. This is very different from traditional pre-tax TSP contributions, which come out of your pay before your income taxes, but which are taxed (along with their earnings) at withdrawal. Roth contributions, when withdrawn, will be tax-free. The earnings on Roth contributions will also be tax-free, as long as you meet certain IRS requirements.*

On the TSP website, we've created a special Roth section. You'll find it linked from the banner at the top of the home page and from the What's New page, accessed by choosing any link on the home page Bulletin Board. All the information published to date can be found at this location, and more information is on the way to the website to help you decide whether Roth TSP will be to your advantage. The new Roth TSP feature is also being discussed in the press, and participants are starting to ask for clarification.

How will you get Roth money into your account? There are only two ways:

- **From your future pay**—you'll notify your agency or service that you want to **make Roth contributions**, or
- **Transfer Roth money into your account directly from eligible plans** (Roth 401(k)s, Roth 403(b)s, or Roth 457(b)s only).

You will not be able to transfer money into the TSP from Roth IRAs. Also, you will **not** be able to convert money that is already in your TSP account into Roth money. Along the same lines, agency automatic and matching contributions will always be traditional, tax-deferred contributions, even if your own contributions are only Roth. **You will not be able to convert any agency traditional contributions into Roth contributions.**

Who is eligible to take advantage of Roth TSP? Check for your eligibility below:

Participant Group	New Roth Contributions?	Roth Transfers into TSP from eligible plans?
Active employees		
FERS	Yes	Yes
CSRS	Yes	Yes
Uniformed Services	Yes	Yes
Separated employees	No	Yes
Retirees	No	Yes
Beneficiary participants**	No	No

* Roth earnings will be tax-free if 5 years have passed since January 1 of the year you made your first Roth contribution AND you are age 59½, permanently disabled, or deceased.

** Beneficiary participants may not add new Roth contributions to their accounts, but their accounts may contain Roth contributions made by the deceased spouse.

How will TSP transactions work with Roth money? If you make Roth contributions or transfer Roth money into your account, you will have a Roth "balance" in your account, in addition to any traditional "balance." Traditional and Roth money must be kept separate in your account for tax purposes, but the two "pots" of money together make one TSP account balance. Any transactions you make—such as interfund transfers, contribution allocations, loans, beneficiary designations, and withdrawals—will apply in equal proportions to the Roth and traditional balances.

For example, you would not be able to make an interfund transfer and put all your Roth money in the G Fund and all your traditional money in the C Fund. To demonstrate: Suppose you have a $100,000 TSP account balance and 10% of your account is Roth ($10,000) and 90% is traditional ($90,000). If you do an interfund transfer to put 10% of your account in the G Fund and 90% in the C Fund, here's how it will be done:

Interfund Transfer: 10% G Fund, 90% C Fund			
$10,000 Roth Balance		**$90,000 Traditional Balance**	
$1,000 ➤ G Fund	$9,000 ➤ C Fund	$9,000 ➤ G Fund	$81,000 ➤ C Fund

Roth TSP and Required Minimum Distributions (RMDs). The year after you turn age 70½, the IRS requires you to begin receiving a minimum amount of money from your account (unless you are still working). This is your RMD, and it is calculated based on your account balance and IRS life expectancy tables. IRS requirements for RMDs apply to employer-sponsored retirement plans like the TSP with no exceptions; therefore, **RMDs will apply to Roth money in your TSP account**, even though they do not apply to Roth IRAs.

Roth TSP and Roth IRAs. Roth TSP contributions do not count toward the limits on Roth IRA contributions. This just means that if you are eligible to contribute to a Roth IRA, making Roth TSP contributions won't lessen the amount that you can contribute to a Roth IRA. On the other hand, it's possible that making Roth TSP contributions may make you ineligible for a Roth IRA. That's because your Roth contributions are counted as part of your adjusted gross income (AGI), while your traditional pre-tax contributions are not. Your AGI will be higher if you make Roth contributions than it would be if you made traditional contributions of the same amount. This is just one of the factors you will need to keep in mind as you evaluate Roth TSP.

Rates of Return

	L 2050	L 2040	L 2030	L 2020	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
Monthly 2012										
Jan	4.87%	4.34%	3.77%	3.03%	1.18%	0.13%	0.88%	4.50%	7.59%	5.36%
Feb	3.99	3.54	3.10	2.53	0.98	0.12	0.05	4.34	3.99	5.14
Annual 2002 – 2011										
2002	–	–	–	–	–	5.00%	10.27%	– 22.05%	– 18.14%	– 15.98%
2003	–	–	–	–	–	4.11	4.11	28.54	42.92	37.94
2004	–	–	–	–	–	4.30	4.30	10.82	18.03	20.00
2005	–	–	–	–	–	4.49	2.40	4.96	10.45	13.63
2006	–	16.53	15.00	13.72	7.59	4.93	4.40	15.79	15.30	26.32
2007	–	7.36	7.14	6.87	5.56	4.87	7.09	5.54	5.49	11.43
2008	–	– 31.53	– 27.50	– 22.77	– 5.09	3.75	5.45	– 36.99	– 38.32	– 42.43
2009	–	25.19	22.48	19.14	8.57	2.97	5.99	26.68	34.85	30.04
2010	–	13.89	12.48	10.59	5.74	2.81	6.71	15.06	29.06	7.94
2011	–	– 0.96	– 0.31	0.41	2.23	2.45	7.89	2.11	– 3.38	– 11.81

The returns for the TSP funds represent net earnings after 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. Additional information about the TSP funds, the related indexes, and their respective 1-, 3-, 5-, and 10-year returns can be found in the TSP Fund Information sheets on the TSP website.

The Lifecycle funds, which are invested in the individual TSP funds (G, F, C, S, and I)‡, were implemented on August 1, 2005; therefore, the first annual returns are for 2006.

‡ The Government Securities Investment (G) Fund; the Fixed Income Index Investment (F) Fund; the Common Stock Index Investment (C) Fund; the Small Capitalization Stock Index (S) Fund; the International Stock Index Investment (I) Fund

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- You will be able to take loans, in-service withdrawals, and partial withdrawals from your account as before. They will come out of your account on a pro rata basis—with a proportional amount from your traditional and Roth balances.
- When you withdraw your account, you will be able to separately transfer any portion of your Roth and traditional balances to IRAs or other eligible employer plans.

How will you sign up?

You will elect to make Roth contributions in the same way as you have always elected traditional contributions—using either the electronic system of your agency or service, or Form TSP-1, Election Form (TSP-U-1 for uniformed services).

If you are eligible for catch-up contributions, you will use your agency or service electronic system or Form TSP-1-C (TSP-U-1-C for uniformed services).

Check with your agency or service to find out whether your TSP elections should be made electronically or by using a TSP form.

You may want to consult a qualified tax or financial advisor to help you decide if Roth is for you. You should reassess your decision anytime your tax or income situation changes.

Scan above or visit the TSP website for more information about the TSP Roth feature.

www.tsp.gov/roth/index.shtml

Right before the Roth feature is introduced, the TSP will provide more information on the website about the new Roth feature.

Watch the TSP website for announcements about Roth in the coming months.

THRIFT SAVINGS PLAN
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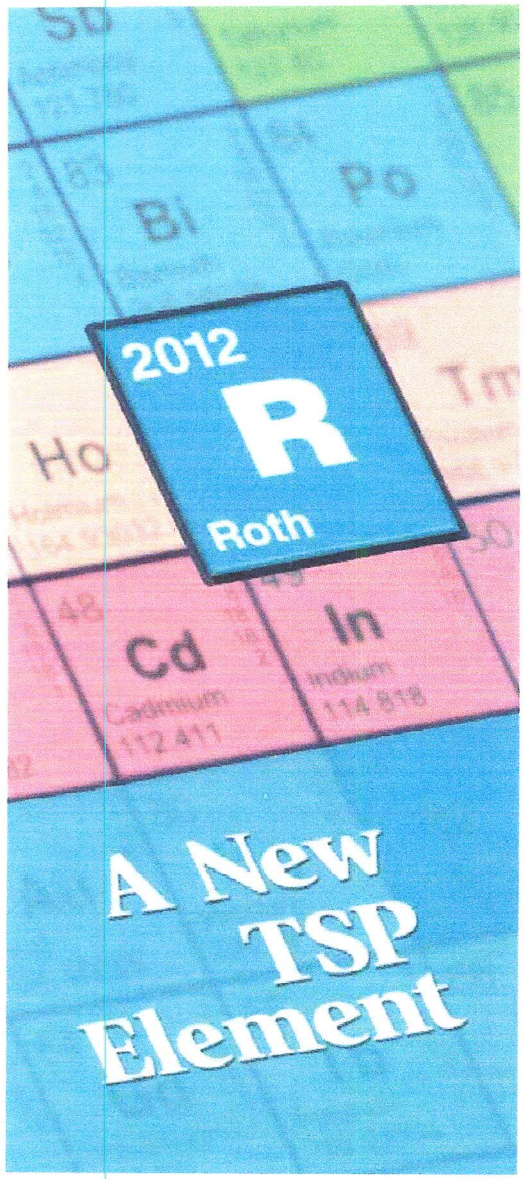
TSPLF30 (1/2012)



More Tax Flexibility in the TSP

The TSP will soon begin offering all active Federal employees and members of the uniformed services the option to designate some or all of their contributions as Roth contributions. The TSP Roth feature will give participants flexibility in the tax treatment of their contributions now and in the future.

How does Roth TSP compare to Traditional TSP?

Roth contributions are taken out of your paycheck after your income is taxed. When you withdraw funds from your Roth balance, you will receive your Roth contributions tax-free since you have already paid taxes on the contributions. You also won't pay taxes on any earnings, as long as you're at least age 59½ (or disabled) ***and*** your withdrawal is made at least 5 years after the beginning of the year in which you made your first Roth contribution.

Traditional (pre-tax) contributions, which lower your current taxable income, give you a tax break today. They grow in your account tax-deferred, but when you withdraw your money, you pay taxes on both the contributions and their earnings.

Electing Roth contributions is not an all-or-nothing decision. You can contribute to both your Roth and traditional balances. Roth gives you the opportunity to diversify the tax treatment of the money in your account.

Can Roth benefit you?

Everyone's situation is different. Whether you would be better off making traditional or Roth contributions depends on your income tax rate now and in the future. For example, you might benefit from making Roth TSP contributions if:

- You are in a low tax bracket now, but think your tax rate may be higher in retirement. With Roth, your contributions are taxed at your current lower rate, and you avoid paying taxes at the expected higher rate in the future.
- You are not in a low tax bracket now, but anticipate that your marginal Federal tax rate will increase in the coming years.
- You are a uniformed services member making contributions from tax-exempt pay earned in a combat zone. If you elect Roth contributions, you will not pay taxes on either your Roth contributions or their earnings (as long as you satisfy the age and 5-year holding requirements mentioned earlier).*
- You want tax diversification and see an advantage in making after-tax contributions so that you can have tax-free withdrawals in retirement.
- You are age 50 or older and deployed to a combat zone while making catch-up contributions. You will be able to continue these contributions if they are Roth contributions. (You can't make catch-up contributions to your traditional TSP balance from tax-exempt pay.)

* Tax-exempt contributions that go into your traditional and Roth balances are subject to the Internal Revenue Code 415(c) limit ($50,000 in 2012). However, only tax-exempt contributions that go into your Roth balance are subject to the elective deferral limit ($17,000 in 2012).

How does Roth TSP work?

- Money already in your account when you begin making Roth contributions will remain part of your traditional balance. You will not be able to convert it to Roth.
- The combined total of your Roth and tax-deferred traditional contributions in 2012 cannot exceed the elective deferral limit of $17,000, or the catch-up contribution limit of $5,500.
- Agency contributions will always be part of your traditional (non-Roth) balance.
- Any contribution allocation or interfund transfer will apply to the investment of both your Roth and traditional contributions or balances.
- You will be able to transfer Roth 401(k), Roth 403(b), and Roth 457(b) **(but not Roth IRA)** money into the Roth balance in your TSP account. Pre-tax transfers will continue to be placed in your traditional balance.

Roth TSP is similar to a Roth 401(k), not a Roth IRA. There are no income limits for Roth TSP contributions.

Thrift Savings Plan

Roth

Roth vs. Traditional Contributions

With the introduction of Roth, you will potentially have two types of balances in your TSP account: A traditional (non-Roth) TSP balance and a Roth TSP balance. Any agency contributions you receive will always be a part of your traditional (non-Roth) balance. However, you may designate your own contributions any way you like depending on your individual tax circumstances. (**Note**: Money already in your account when you begin making Roth contributions will remain part of your traditional balance. You will not be able to convert it to Roth.)

The table below compares the treatment of the two different types of contributions.

The Treatment of...	Traditional TSP	Roth TSP
Contributions	***Pre-tax***	***After-tax*[1]**
Your Paycheck	***Taxes are deferred***, so less money is taken out of your paycheck.	***Taxes are paid up front***, so more money comes out of your paycheck.
Transfers In	***Transfers*** allowed from eligible employer plans and traditional IRAs	***Transfers*** allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
Transfers Out	***Transfers*** allowed to eligible employer plans, traditional IRAs, and Roth IRAs[2]	***Transfers*** allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs[3]
Withdrawals	***Taxable*** when withdrawn	***Tax-free*** earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased

[1] Roth contributions are subject to Federal (and, where applicable, state and local) income taxes, while traditional contributions are not taxed until withdrawn. However, both Roth contributions and traditional contributions are included in the amount of wages used to calculate payroll taxes (e.g., Social Security taxes).

[2] You would have to pay taxes on any pre-tax amount transferred to a Roth IRA.

[3] Transfers to a Roth IRA from a Roth TSP are not subject to the income restrictions that apply to Roth IRA contributions.

As we get closer to the date when you can start making Roth contributions, you may want to start thinking about whether making them could be to your advantage. You may also wish to consult a qualified financial or tax advisor.

Resources

Multimedia:

Is Roth for Me?

Publications:

"A New TSP Element"

Highlights

Thrift Savings Plan

FACT SHEET

Annual Limit on Elective Deferrals

Part I of this fact sheet describes the Internal Revenue Code's (IRC or Tax Code) annual limit on elective deferrals (tax-deferred contributions from your pay) and explains how this limit may affect Thrift Savings Plan (TSP) contributions made to the accounts of certain FERS* employees. Part II explains how this limit may affect Federal employees covered by either FERS or CSRS,* as well as members of the uniformed services, who are contributing tax-deferred pay to the TSP and one or more other tax-deferred retirement plans.

Part I: Limits on Contributions to Your TSP Account

What are elective deferrals?

Elective deferrals are tax-deferred amounts that you choose to contribute to a plan rather than receive as pay. Because such contributions are tax-deferred, they are not included in your taxable gross income for the year in which they are contributed. Your employer makes the contributions on your behalf under a qualified cash or deferred arrangement (as defined in section 401(k) of the Tax Code).

For TSP participants, employee contributions are considered to be elective deferrals. Elective deferrals do not include Agency Automatic (1%) or Agency Matching Contributions because those contributions are not considered part of your pay. For members of the uniformed services, they do not include contributions from tax-exempt pay earned in a combat zone.

What is the annual limit on elective deferrals?

Section 402 of the Tax Code limits the amount of income you may elect to defer under all cash or deferred arrangements during a tax year. (For most employees, a tax year is January 1 through December 31.) The elective deferral limit for 2011 was $16,500. The 2012 limit is $17,000.

What happens to my employee contributions when the annual limit is reached?

When the annual limit is reached, your employee contributions must be suspended for the remainder of the year. The TSP system will not allow any employee contribution to be processed that will cause the total amount of employee contributions for the year to exceed the annual limit. Your payroll office must ensure that your employee contributions automatically resume the first pay date in the following year.

What happens to my Agency Matching Contributions when the annual limit has been reached?

If you are a FERS employee, your Agency Matching Contributions are also suspended when the annual limit on elective deferrals has been reached. Agency Matching Contributions are based upon the amount of employee contributions that you make each pay period. If there are no employee contributions in a pay period, there can be no Agency Matching Contributions.

* FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Federal retirement systems. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Federal retirement systems.

Does it make a difference if I reach the annual limit before the end of the year?

Yes. If you are a high-salaried FERS employee, you should keep the annual contribution limit in mind when deciding how much you will contribute to your TSP account each pay period. If you reach the annual maximum too quickly, you could lose some Agency Matching Contributions because you only receive Agency Matching Contributions on the first five percent of your basic pay that you contribute **each pay period**. If you reach the annual limit before the end of the year, your contributions (and consequently your Agency Matching Contributions) will stop. (If you are purposely making larger contributions early in the year in an attempt to maximize your earnings, be aware that the amount you could lose in Agency Matching Contributions would, in all likelihood, be far greater than the value of the added earnings you might receive by making employee contributions sooner.)

How can I make the maximum employee contribution and still receive the maximum Agency Matching Contribution each year?

To receive the maximum Agency Matching Contribution, you must contribute at least five percent of the basic pay you earn **each pay period** during the year. (The first five percent of your basic pay each pay period is matched — dollar-for-dollar on the first three percent and 50 cents on the dollar for the next two percent.)

To determine a dollar amount you can contribute each pay period so that your contributions are spaced out over all the (remaining) pay dates in the year, use the Elective Deferral Calculator on the TSP website (www.tsp.gov) or the worksheet attached to this fact sheet.

What happens to my Agency Automatic (1%) Contributions when my employee contributions and Agency Matching Contributions are suspended?

If you are a FERS employee, your agency must continue to submit Agency Automatic (1%) Contributions even though your employee contributions and Agency Matching Contributions are suspended. As a FERS employee, you are entitled to receive Agency Automatic (1%) Contributions whether or not you make employee contributions.

If I make up employee contributions that my agency or service should have made in a previous year, will they count against this year's elective deferral limit?

No. Employee contributions are subject to the IRC elective deferral limit for the year in which the contributions should have been made. If, due to an error, your agency or service failed to make your employee contributions in a previous year and you make up those contributions this year, your makeup contributions will not count against this year's elective deferral limit.

What about catch-up contributions? Do they count against the regular IRC elective deferral limit?

Catch-up contributions are payroll deductions that participants who are age 50 or older may be eligible to make in addition to regular employee contributions. You need to make a separate election to request them, and they do not count against the IRC elective deferral limit. However, each year, the IRC limits the total amount of regular and catch-up contributions an employee can make. (For example, in 2011, total contributions cannot exceed $22,000: $16,500 in regular contributions, and $5,500 in catch-up contributions; in 2012, they cannot exceed $22,500: $17,000 in regular contributions, and $5,500 in catch-up contributions.) See the Fact Sheet, Catch-Up Contributions, for more information.

How does the TSP apply the limits if I contribute to both a civilian and a uniformed services TSP account?

The elective deferral limit applies to the total tax-deferred contributions you make during the year to both accounts. During the year, the TSP will apply the limit to each account separately and will not allow you to contribute an amount to either account that exceeds the limit. In January, the TSP will check to see whether your combined contributions to both accounts exceeded that limit and, if so, it will then return any excess tax-deferred contributions, along with attributable earnings on those contributions. The TSP will return the excess contributions and earnings from the contributions you made to your uniformed services TSP account.

The TSP will apply the same process to catch-up contributions made to both accounts that exceed the separate catch-up contribution limit.

Note: Tax-exempt contributions made to a uniformed services account while deployed to a designated combat zone do not count toward the IRC elective deferral or catch-up contribution limits.

Worksheet to Maximize the Amount of Agency Matching Contributions

Example. The example below applies to a FERS employee who is paid on a biweekly basis. The employee made an election that is effective December 18, 2011; for his agency, the pay date for that pay period is January 6, 2012, which is the first pay date in 2012. In this example, the employee's biweekly contribution should not exceed $654 each pay period. If the employee was paid monthly, the contribution could not exceed $1,417 per month to ensure maximum Agency Matching Contributions.

Your estimate. For Item 1, enter the IRC limit on employee contributions for the year in which your new election will be effective.

For Item 2, use your most recent leave and earnings statement to find the total amount of your year-to-date TSP employee contributions.

For Item 4, count the number of pay dates remaining in the calendar year, beginning with the pay date following the end of the first full pay period after you make your election.

	Example	Your Estimate
1. Enter the IRC elective deferral limit for 2012.	1. $ 17,000.00	$ ________
2. Enter all employee contributions made in 2012 prior to the effective date of your new election.	2. $ 0.00	$ ________
3. Subtract Line 2 from Line 1.	3. $ 17,000.00	$ ________
4. Enter the number of salary payments you will receive in 2012 from which your new election will be deducted.	4. 26*	________
5. Divide Line 3 by Line 4.	5. $ 653.85	$ ________
6. Round up the result in Line 5 to the next dollar to determine **the whole dollar amount you should contribute each pay date for the rest of the year** (which you will enter on your Form TSP-1 or TSP-U-1).	6. $ 654.00**	$ ________

* Employees can confirm the number of salary periods with their agencies or services.

** In this example, the last contribution of the year will be reduced to $650 by the employee's agency to prevent the employee from exceeding the elective deferral limit for the year.

Part II: Participating in the TSP and Another Tax-Deferred Retirement Plan

The following questions relate to excess deferrals (see definition below) made to both the TSP and another tax-deferred retirement plan as described under sections 401(k), 403(b), 408(k), or 501(c)(18) of the Tax Code. Certain Federal employees can participate in such plans *in addition* to the TSP, in which case the elective deferral limit applies to the combined total of all contributions for the year. Because tax rules are complex, you may wish to consult a tax advisor if you exceed the elective deferral limit.

What is an excess deferral?

An excess deferral is the amount of your contributions to tax-deferred plans that exceeds the relevant annual limit on elective deferrals (regular contributions) and, if you are age 50 or older, Catch-up Contributions.

What if I am contributing to more than one plan and my combined contributions exceed the annual limit?

You may request a refund of any excess deferrals from one or more of the plans in which you participate. Each plan then has the option of returning your excess deferrals, plus associated earnings, by April 15 of the year following the year in which the deferrals were made.

What happens if any of the limits are exceeded by contributing to both my civilian and my uniformed services TSP account?

In January, the TSP will check to see whether your combined contributions to both accounts exceeded any of the limits. To do so, the TSP will add up the tax-deferred contributions made to both accounts. (Note: Tax-exempt contributions made to your uniformed services account while deployed to a designated combat zone do not count toward the elective deferral limit.) The TSP will then return any tax-deferred contributions that exceeded the applicable limit, along with attributable earnings on those contributions before April 15. The TSP will return the excess tax-deferred contributions and earnings from the contributions you made to your uniformed services TSP account. You do not need to take any action.

How does the TSP's refund process work?

In January, the TSP will attach Form TSP-44, Request for Refund of Excess Employee Contributions, to this Fact Sheet for eligible participants to complete and send to the TSP for processing. If you submit this form in a timely manner, the TSP will return the excess deferrals and associated earnings to you.

To request a refund of excess deferrals and associated earnings, you must submit the latest version of Form TSP-44 (previous versions are obsolete and will not be processed) to the address provided on the form. The form must be faxed or postmarked no later than **March 31 of the year after the excess deferrals were made**. The TSP will then process the refund by April 15. To ensure that your form is received in time to process it, the TSP recommends that you fax the form to the number in the form's instructions no later than March 31. The TSP will remove Form TSP-44 from this Fact Sheet after March 31. If you have questions, you can reach the TSP at 1-877-968-3778. (Outside the U.S. and Canada, call 404-233-4400.)

What are the tax consequences if I contribute more than the annual limit in any tax year?

Excess deferrals are treated as income in the year in which you made the contributions, whether or not they are refunded to you. The total amount of deferred income is reported by each employer in Box 13 on your IRS Form W-2. If you have made excess deferrals, you must report the total amount of the excess on your individual income tax return as taxable wages for the year in which you made the excess deferrals.

If you elect to receive excess deferrals as a refund from the TSP, you will receive IRS Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., which will indicate the amount of the excess that was refunded to you. This distribution will also be reported to the IRS. If you have already filed your individual tax return for the year in which the excess was contributed and this amount was not included as taxable wages, you will need to file an amended tax return.

How are the earnings on excess deferrals treated for tax purposes?

Earnings distributed with excess deferrals are considered taxable income **in the year in which they are**

distributed (unlike the excess deferrals themselves, which are considered taxable income **in the year in which they are contributed**). You will receive a separate IRS Form 1099-R indicating the amount of the earnings. You must report this amount as income in the year in which the distribution is made. This distribution will also be reported to the IRS.

What happens to the Agency Matching Contributions that were associated with the excess deferrals that were returned to me?

Your agency will be notified that you have requested to have your excess deferrals and associated earnings returned to you. Your agency is then required to remove from the TSP the Agency Matching Contributions associated with these excess deferrals. If your agency fails to remove the Agency Matching Contributions from your account within one year of the date the contributions were made, the TSP will remove them and use them to offset TSP administrative expenses.

Is a distribution of excess deferrals considered an early withdrawal and thus subject to the IRS tax penalty?

If the distribution is made by April 15 of the tax year following the year in which the excess deferral was made, it will not be considered an early withdrawal.

What happens if the distribution is not made by April 15 of the following tax year?

After April 15 of the following tax year, you cannot request to have the excess amount refunded. Instead, the money will remain in your account, and you will be taxed twice on it: once in the year in which the excess deferral is made, and then again when you separate and withdraw your account. (If the withdrawal is premature, the IRS early withdrawal penalty may also apply.) Earnings on the excess deferrals are taxed only once, when you withdraw the account.

Please note: As stated above, if the TSP does not receive your request or it is not postmarked by March 31, your request will not be processed; accordingly, you will not receive a distribution from the TSP of your excess deferrals.

Thrift Savings Plan

G Fund

Government Securities Investment Fund

Fund Information

As of December 31, 2010

Net Assets
$128.6 billion

2010 Administrative Expenses
$0.25 per $1,000 account balance, .025% (2.5 basis points)

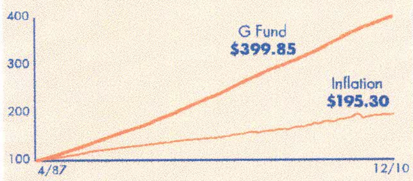
Returns

After Expenses

1-Year	2.81%
3-Year	3.18%
5-Year	3.86%
10-Year	4.26%
Since Inception April 1, 1987	5.93%

Growth of $100

Since Inception

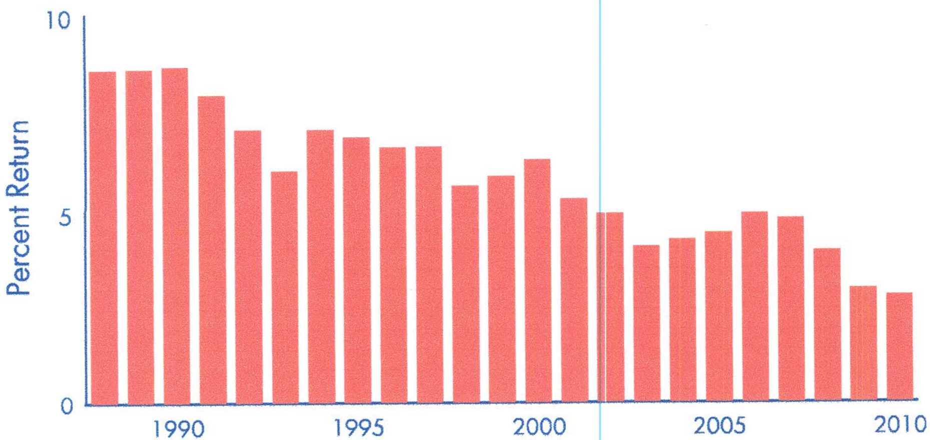


Key Features

- The G Fund offers the opportunity to earn rates of interest similar to those of long-term Government securities but without any risk of loss of principal and very little volatility of earnings.
- The objective of the G Fund is to maintain a higher return than inflation without exposing the fund to risk of default or changes in market prices.
- The G Fund is invested in short-term U.S. Treasury securities specially issued to the TSP. Payment of principal and interest is guaranteed by the U.S. Government. Thus, there is no "credit risk."
- The interest rate resets monthly and is based on the weighted average yield of all outstanding Treasury notes and bonds with 4 or more years to maturity.
- Earnings consist entirely of interest income on the securities.
- Interest on G Fund securities has, over time, outpaced inflation and 90-day T-bills.

G Fund Returns

1988–2010

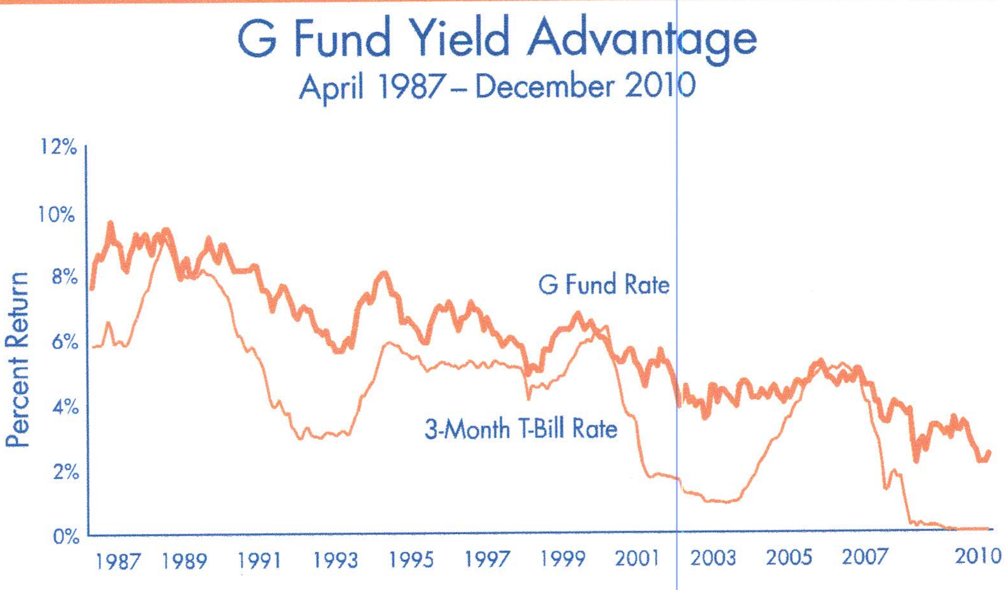


G Fund Facts

By law, the G Fund must be invested in nonmarketable U.S. Treasury securities specially issued to the TSP. The G Fund investments are kept by electronic entries which do not involve any transaction costs to the TSP. The G Fund rate is set once a month by the U.S. Treasury based on a statutorily prescribed formula (described below), and all G Fund investments earn that interest rate for the month. (The G Fund rate is also used in other Government programs, such as the Social Security and Medicare trust funds and the Civil Service Retirement and Disability Fund.)

Although the securities in the G Fund earn a long-term interest rate, the Board's investment in the G Fund is redeemable on any business day with no risk to principal. The value of G fund securities does not fluctuate; only the interest rate changes. Thus, when the monthly G Fund interest rate goes up, G Fund earnings accrue faster; when the G Fund interest rate declines, G Fund earnings accrue more slowly.

Calculation of G Fund Rate—G Fund securities earn a statutory interest rate equal to the average market yield on outstanding marketable U.S. Treasury securities with 4 or more years to maturity. The G Fund rate is calculated by the U.S. Treasury as the weighted average yield of approximately 110 U.S. Treasury securities on the last day of the previous month. The yield of the security has a weight in the G Fund rate calculation based on the amount outstanding. (The larger the dollar amount of a security outstanding, the larger its weight in the calculation.) The Treasury securities used in the G Fund rate calculation have a weighted average maturity of approximately 10 years.



The G Fund Yield Advantage—The G Fund rate calculation described above results in a long-term rate being earned on short-term securities. Because long-term interest rates are generally higher than short-term rates, G Fund securities usually earn a higher rate of return than do short-term marketable Treasury securities. In the chart above, the G Fund rate is compared with the rate of return on 3-month marketable Treasury securities (T-bills). From January 1988 through December 2010, the G Fund rate was, on average, 1.77 percentage points higher per year than the 3-month T-bill rate.

Thrift Savings Plan

F Fund

Fixed Income Index Investment Fund

Fund Information

As of December 31, 2010

Net Assets
$19.7 billion

2010 Administrative Expenses
$0.25 per $1,000 account balance, .025% (2.5 basis points)

Average Duration
4.5 years

Average Current Yield
4.01%

Benchmark Index
Barclays Capital U.S. Aggregate Bond Index
www.barcap.com

Asset Manager
BlackRock Institutional Trust Company, N.A.

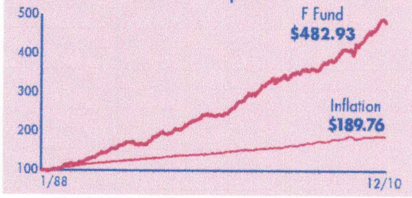
Returns

	F Fund*	Barclays U.S. Aggregate Index
1-Year	6.71%	6.54%
3-Year	6.05%	5.90%
5-Year	5.93%	5.80%
10-Year	5.91%	5.84%
Since Inception January 29, 1988	7.09%	7.34%

*After expenses

Growth of $100

Since Inception

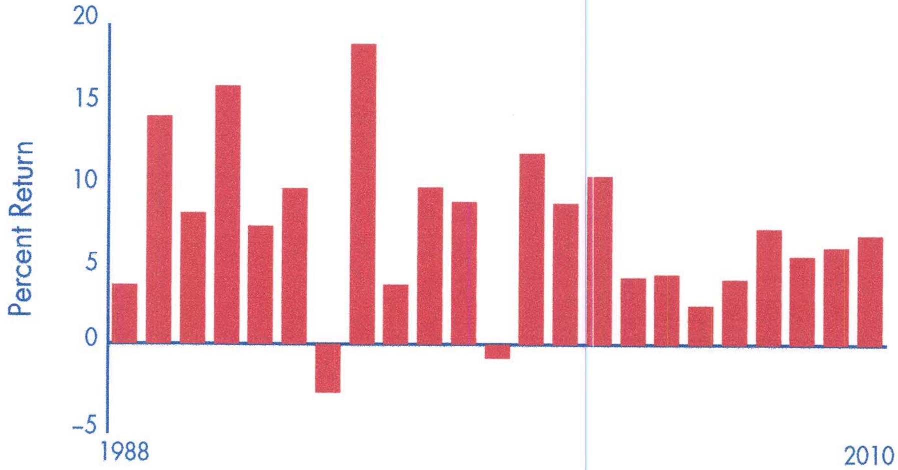


Key Features

- The F Fund offers the opportunity to earn rates of return that exceed those of money market funds over the long term (particularly during periods of declining interest rates), with relatively low risk.
- The objective of the F Fund is to match the performance of the Barclays Capital U.S. Aggregate Bond Index, a broad index representing the U.S. bond market.
- The risk of nonpayment of interest or principal (credit risk) is relatively low because the fund includes only investment-grade securities and is broadly diversified. However, the F Fund has market risk (the risk that the value of the underlying securities will decline) and prepayment risk (the risk that the security will be repaid before it matures).
- Earnings consist of interest income on the securities and gains (or losses) in the value of securities.

F Fund Returns*

Inception–2010



* 1988 return shown is a partial-year return.

F Fund Facts

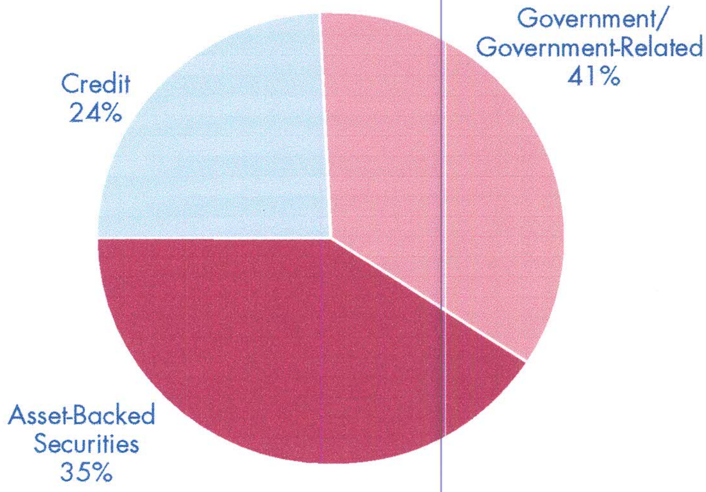
By law, the F Fund must be invested in fixed-income securities. The Federal Retirement Thrift Investment Board has chosen to invest the F Fund in an index fund that tracks the Barclays Capital U.S. Aggregate (U.S. Aggregate) Bond Index, formerly the Lehman Brothers U.S. Aggregate Index, a broadly diversified index of the U.S. bond market.

The **U.S. Aggregate Index** consists of high quality fixed-income securities with maturities of more than one year. The index is comprised of Treasury and Agency bonds, asset-backed securities, and corporate and non-corporate bonds. On December 31, 2010, the index included 7,994 notes and bonds. Its average current yield was 4.03%, which means that, on an annual basis, interest income equaled approximately 4.03% of the return of the U.S. Aggregate Index. The average duration (a measure of interest rate risk) of the U.S. Aggregate Index was 4.54 years, which means that a 1% increase (decrease) in interest rates could be expected to result in a 4.54% decrease (increase) in the price of a security. New issues are added continuously to the U.S. Aggregate Index, and older issues drop out as they move to within one year of maturity.

Barclays Capital U.S. Aggregate Index

Bond Market Sectors

December 31, 2010



BlackRock's U.S. Debt Index Fund—The F Fund is invested in the U.S. Debt Index Fund. Because the U.S. Aggregate Index contains such a large number of securities, it is not feasible for the U.S. Debt Index Fund to invest in each security in the index. Instead, BlackRock selects a large representative sample of the various types of mortgage-backed, U.S. Government, corporate, and foreign government securities included in the overall index. Within each sector, BlackRock selects securities that, as a whole, are designed to match important index characteristics such as duration, yield, and credit rating. The performance of the U.S. Debt Index Fund is evaluated on the basis of how closely its returns match those of the U.S. Aggregate Index.

The F Fund invests in the U.S. Debt Index Fund by purchasing shares of the U.S. Debt Index Fund "E," which, in turn, holds shares of the U.S. Debt Index Master Fund. As of December 31, 2010, F Fund holdings constituted $19.1 billion of the U.S. Debt Index Master Fund, which itself held $36.1 billion in securities.

Note: Participants' interfund transfer (IFT) requests redistribute their existing account balances among the TSP funds. For each calendar month, the *first two* IFTs can redistribute money among any or all of the TSP funds. After that, for the remainder of the month, IFTs can *only* move money into the G Fund. (For participants with more than one TSP account, this rule applies to each account separately.)

Thrift Savings Plan

C Fund

Common Stock Index Investment Fund

Fund Information

As of December 31, 2010

Net Assets
$79.5 billion

2010 Administrative Expenses
$0.25 per $1,000
account balance,
.025% (2.5 basis points)

Benchmark Index
Standard & Poor's 500
Stock Index
www.standardandpoors.com

Asset Manager
BlackRock Institutional Trust
Company, N.A.

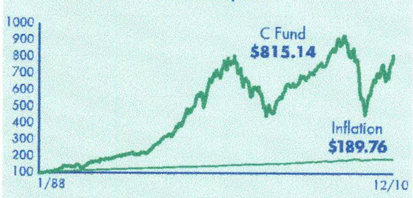
Returns

	C Fund*	S&P 500 Index
1-Year	15.06%	15.06%
3-Year	−2.80%	−2.86%
5-Year	2.34%	2.29%
10-Year	1.42%	1.41%
Since Inception January 29, 1988	9.55%	9.78%

*After expenses

Growth of $100

Since Inception

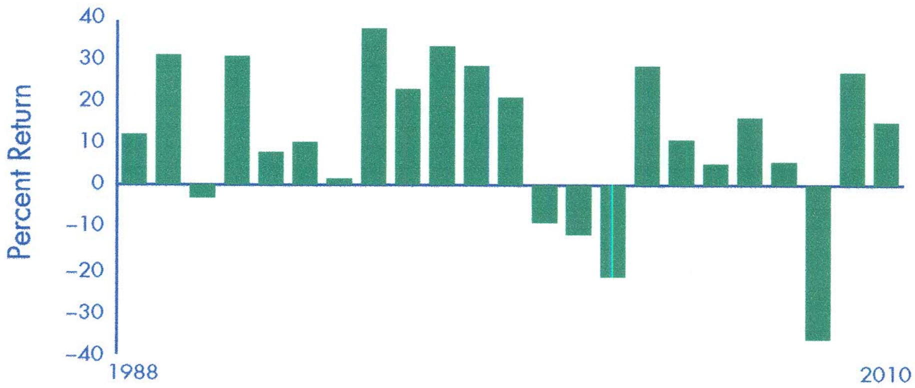


Key Features

- The C Fund offers the opportunity to earn a potentially high investment return over the long term from a broadly diversified portfolio of stocks of large and medium-sized U.S. companies.
- The objective of the C Fund is to match the performance of the Standard & Poor's 500 (S&P 500) Index, a broad market index made up of stocks of 500 large to medium-sized U.S. companies.
- There is a risk of loss if the S&P 500 Index declines in response to changes in overall economic conditions (market risk).
- Earnings consist of gains (or losses) in the prices of stocks, and dividend income.

C Fund Returns*

Inception–2010



* 1988 return shown is a partial-year return.

S&P 500 Top Ten Holdings

as of December 31, 2010

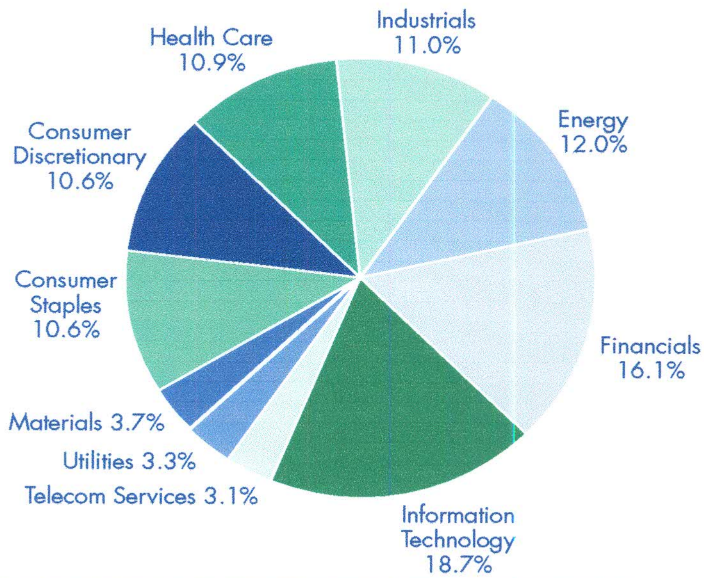
Company
Exxon Mobil Corp.
Apple, Inc.
Microsoft Corp.
General Electric Co.
Chevron Corp.
International Business Machines Corp.
Proctor & Gamble
AT&T, Inc.
Johnson & Johnson
JP Morgan Chase & Co.

C Fund Facts

By law, the C Fund must be invested in a portfolio designed to replicate the performance of an index of stocks representing the U.S. stock market. The Federal Retirement Thrift Investment Board has chosen as its benchmark the Standard & Poor's 500 (S&P 500) Index, which tracks the performance of major U.S. companies and industries.

The **S&P 500 Index** is an index of 500 large to medium-sized U.S. companies that are traded in the U.S. stock markets. The index was designed by Standard & Poor's Corporation (S&P) to provide a representative measure of U.S. stock market performance. The companies in the index represent 132 sub-industries classified into the 10 major industry groups shown in the chart. The stocks in the S&P 500 Index represent approximately 75% of the market value of the U.S. stock markets.

S&P 500 Index
Major Industry Groups
December 31, 2010



The S&P 500 is considered a "big company" index. As of December 31, 2010, the largest 100 companies in the S&P 500 represented approximately 65% of the index's market value. The S&P 500 Index includes 401 securities traded on the New York Stock Exchange and 99 securities that are traded on NASDAQ. The market value of the largest company in the index is approximately $369 billion; the market value of the smallest company is approximately $1.3 billion.

The S&P 500 Index is weighted by float-adjusted market capitalization, in which a company's market value and its weighting in the index are calculated using the number of shares that are freely traded, rather than all outstanding shares. Shares that are not freely traded, such as the holdings of controlling shareholders and their families, company management, and other companies, are excluded from the calculation. A company's weighting in the index is the float-adjusted market value of the company (that is, the share price multiplied by the number of freely traded shares outstanding) as a percentage of the combined float-adjusted market value of all companies in the index.

BlackRock's Equity Index Fund—The C Fund is invested in the Equity Index Fund. The C Fund holds all the stocks included in the S&P 500 Index in virtually the same weights that they have in the index. The performance of the Equity Index Fund is evaluated on the basis of how closely its returns match those of the S&P 500 Index. A portion of the Equity Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in S&P 500 Index futures contracts.

The C Fund invests in the Equity Index Fund by purchasing shares of the Equity Index Fund "E," which, in turn, holds shares of the Equity Index Master Fund along with a liquidity pool. As of December 31, 2010, C Fund holdings constituted $77.1 billion of the Equity Index Master Fund, which itself held $90.8 billion in securities.

Note: Participants' interfund transfer (IFT) requests redistribute their existing account balances among the TSP funds. For each calendar month, the *first two* IFTs can redistribute money among any or all of the TSP funds. After that, for the remainder of the month, IFTs can *only* move money into the G Fund. (For participants with more than one TSP account, this rule applies to each account separately.)

Thrift Savings Plan

S Fund

Small Capitalization Stock Index Investment Fund

Fund Information

As of December 31, 2010

Net Assets
$28.0 billion

2010 Administrative Expenses
$0.24 per $1,000
account balance,
.024% (2.4 basis points)

Benchmark Index
Dow Jones U.S.
Completion TSM Index
www.djindexes.com

Asset Manager
BlackRock Institutional Trust
Company, N.A.

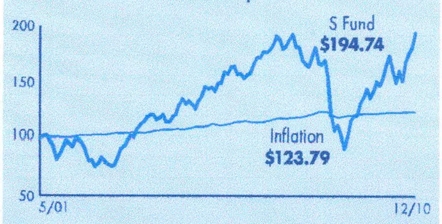
Returns

	S Fund*	Dow Jones U.S. Completion TSM Index
1-Year	29.06%	28.62%
3-Year	2.39%	2.53%
5-Year	5.48%	5.54%
10-Year	N/A	6.20%
Since Inception May 1, 2001	7.14%	7.22%

*After expenses

Growth of $100

Since Inception

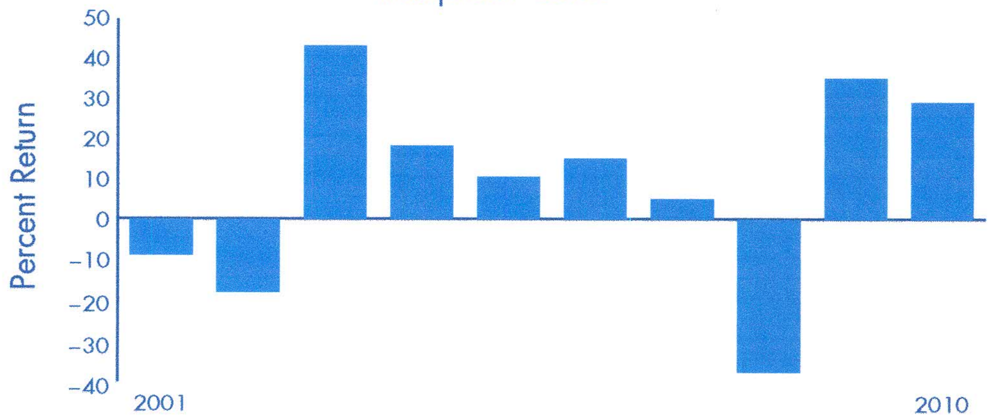


Key Features

- The S Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of small and medium-sized U.S. companies.
- The objective of the S Fund is to match the performance of the Dow Jones U.S. Completion Total Stock Market (TSM) Index, a broad market index made up of stocks of U.S. companies not included in the S&P 500 Index.
- There is a risk of loss if the Dow Jones U.S. Completion TSM Index declines in response to changes in overall economic conditions (market risk).
- Earnings consist of gains (or losses) in the prices of stocks, and dividend income.

S Fund Returns*

Inception–2010



*The 2001 rate of return is a blended return using the return of the Dow Jones U.S. Completion TSM Index (without deductions for management fees, trading costs, or administrative expenses) for the period prior to the S Fund's inception on May 1, 2001.

Dow Jones U.S. Completion TSM Index

Top Ten Holdings as of December 31, 2010

Company

Las Vegas Sands Corp.
General Motors Co.
BlackRock, Inc.
Lyondell Basell Industries
The Mosaic Co.
Crown Castle Intl. Corp.
Annaly Capital Management, Inc.
Southern Copper Corp.
Marvell Technology Group Ltd.
Delta Airlines, Inc.

S Fund Facts

By law, the S Fund must be invested in a portfolio designed to replicate the performance of an index of U.S. common stocks, excluding those that are held in the C Fund. The Federal Retirement Thrift Investment Board has chosen as its benchmark the Dow Jones U.S. Completion Total Stock Market Index, which tracks the performance of the actively traded non-S&P 500 stocks in the U.S. stock market.

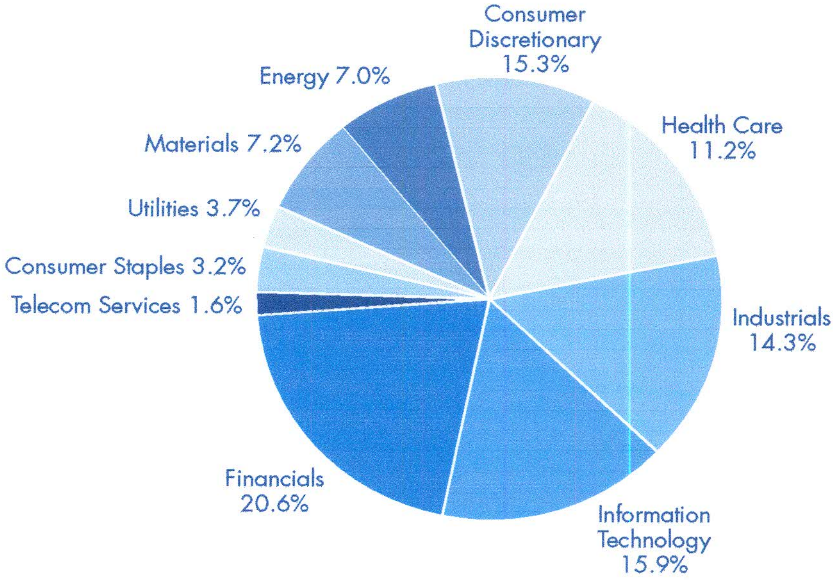
The **Dow Jones U.S. Completion Total Stock Market Index** is an index of all actively traded U.S. common stocks that are not included in the S&P 500 Index. The index is designed to be the broadest measure of the non-S&P 500 domestic stock markets. As of December 31, 2010, the index was comprised of 3,385 common stocks. The Dow Jones U.S. Completion TSM Index made up approximately 25% of the market value of the U.S. stock markets; the S&P 500 accounted for the other 75%. Thus, the combined S Fund and C Fund cover virtually the entire U.S. stock market.

The Dow Jones U.S. Completion TSM Index is weighted by float-adjusted market capitalization, in which a company's market value and its weighting in the index are calculated using the number of shares that are freely traded, rather than all outstanding shares. Shares that are not freely traded, such as the holdings of controlling shareholders and their families, company management, and other companies, are excluded from the calculation. A company's weighting in the index is the float-adjusted market value of the company (that is, the share price multiplied by the number of freely traded shares outstanding) as a percentage of the combined float-adjusted market value of all companies in the index. As of December 31, 2010, the largest 100 companies in the Dow Jones U.S. Completion TSM Index represented 23.7% of the index.

Dow Jones U.S. Completion TSM Index

Major Industry Groups

December 31, 2010



BlackRock's Extended Market Index Fund—The S Fund is invested in BlackRock's Extended Market Index Fund. The Dow Jones U.S. Completion TSM Index contains a large number of stocks, including illiquid stocks with low trading volume and stocks with prices lower than $1.00 per share. Therefore, it is not efficient for BlackRock's Extended Market Index Fund to invest in every stock in the index. The BlackRock fund holds the stocks of most of the companies in the index with market values greater than $1 billion. However, a mathematical sampling technique is used to select among the smaller stocks. BlackRock's mathematical model considers size and industry group to match the industry weights in the index. Within each industry group, BlackRock selects stocks that, together, are expected to produce a return that is very close to the industry's return in the Dow Jones U.S. Completion TSM Index. The performance of the Extended Market Index Fund is evaluated on the basis of how closely its returns match those of the Dow Jones U.S. Completion TSM Index. A portion of Extended Market Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in futures contracts of the S&P 400 and Russell 2000 (other broad equity indexes).

The S Fund invests in the Extended Market Index Fund by purchasing shares of the Extended Market Index Fund "E," which, in turn, holds a liquidity pool and shares of the Extended Market Index Master Fund. As of December 31, 2010, S Fund holdings constituted $27.2 billion of the Extended Market Index Master Fund, which itself held $35.3 billion in securities.

Note: Participants' interfund transfer (IFT) requests redistribute their existing account balances among the TSP funds. For each calendar month, the *first two* IFTs can redistribute money among any or all of the TSP funds. After that, for the remainder of the month, IFTs can *only* move money into the G Fund. (For participants with more than one TSP account, this rule applies to each account separately.)

I FUND

International Stock Index Investment Fund

Fund Information

As of December 31, 2010

Net Assets
$25.1 billion

2010 Administrative Expenses
$0.25 per $1,000 account balance, .025% (2.5 basis points)

Benchmark Index
Morgan Stanley Capital International EAFE Stock Index
www.msci.com

Asset Manager
BlackRock Institutional Trust Company, N.A.

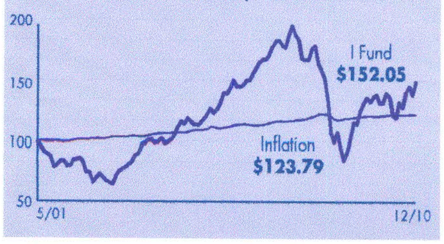
Returns

	I Fund*	EAFE Index
1-Year	7.94%	7.75%
3-Year	−6.86%	−7.02%
5-Year	2.61%	2.46%
10-Year	N/A	3.50%
Since Inception May 1, 2001	4.43%	4.49%

*After expenses

Growth of $100

Since Inception

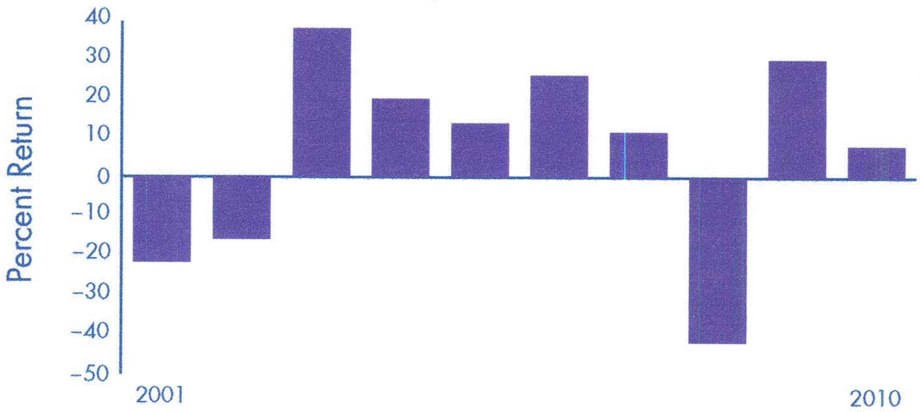


Key Features

- The I Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of companies in developed countries outside the United States.
- The objective of the I Fund is to match the performance of the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Index.
- There is a risk of loss if the EAFE Index declines in response to changes in overall economic conditions (market risk) or in response to increases in the value of the U.S. dollar (currency risk).
- Earnings consist of gains (or losses) in the prices of stocks, currency changes relative to the U.S. dollar, and dividend income.

I Fund Returns*

Inception–2010



*The 2001 rate of return is a blended return using the return of the EAFE Index (without deductions for management fees, trading costs, or administrative expenses) for the period prior to the I Fund's inception on May 1, 2001.

MSCI EAFE Top Ten Holdings

as of December 31, 2010

Company
Nestlé S.A.
HSBC Holdings (GB) PLC
BHP Billiton Ltd.
BP PLC
Vodafone Group PLC
Novartis AG
Royal Dutch Shell PLC
Total S.A.
Toyota Motor Corp.
Roche Holding Genuss

I Fund Facts

By law, the I Fund must be invested in a portfolio designed to track the performance of an index of common stocks representing international stock markets outside of the United States. The Federal Retirement Thrift Investment Board has chosen as its benchmark the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Index, which tracks the overall performance of the major companies and industries in the European, Australian, and Asian stock markets.

A significant component of the return of the EAFE Index (and the I Fund) results from changes in the value of the U.S. dollar relative to the currencies of the countries represented in the index. For example, the EAFE Index returned 7.75% in 2010, but that return included a decrease in the value of the U.S. dollar which increased the return by 2.93%.

The **EAFE Index**, published by Morgan Stanley Capital International (MSCI), is an index of the equity markets of the developed world outside of the United States and Canada. It is the most widely used international stock index. As of December 31, 2010, the index covered the equity markets of 22 countries, as shown in the table.

The companies in the EAFE Index are large companies. The index is weighted by float-adjusted market capitalization, in which a company's market value and its weighting in the index are calculated using the number of shares that are freely traded, rather than all outstanding shares. Shares that are not freely traded, such as the holdings of controlling shareholders and their families, company management, and other companies, are excluded from the calculation. Also excluded are shares subject to foreign ownership limitations imposed by governments or companies. Within each country, a company's weighting is the float-adjusted market value of the company (that is, the share price multiplied by the number of freely traded shares outstanding) as a percentage of the combined float-adjusted market value of all companies in the index. Similarly, a country's weighting in the EAFE Index is the float-adjusted market value of its stock market as a percentage of the combined float-adjusted market value of all stock markets included in the EAFE Index.

BlackRock's EAFE Index Fund—The BlackRock Fund holds common stocks of all the companies represented in the EAFE Index in virtually the same weights that they have in the index. The return on the BlackRock Fund (and on the I Fund) will differ from that of the EAFE Index on days when BlackRock makes a "fair valuation" adjustment to reprice the securities held by the fund. Fair valuation adjustments are made on days when there are large movements in either U.S. equity markets or currency exchange rates after the foreign markets have closed. Fair valuation prevents traders from exploiting "stale" prices, thus diluting the returns of other TSP participants who invest in the I Fund.

EAFE Index

Country Composition
December 31, 2010

Country	Percent of Index*	Number of Companies
Europe		
Austria	0.3	8
Belgium	0.9	14
Denmark	1.0	11
Finland	1.1	17
France	9.5	76
Germany	8.2	54
Greece	0.2	8
Ireland	0.2	5
Israel	0.8	14
Italy	2.6	29
Netherlands	2.5	21
Norway	0.8	9
Portugal	0.3	9
Spain	3.3	28
Sweden	3.2	33
Switzerland	8.0	37
United Kingdom	21.3	107
Europe	64.4%	480
Australasia/Far East		
Australia	8.8	72
Hong Kong	2.9	41
Japan	22.1	340
New Zealand	0.1	5
Singapore	1.7	31
Australasia/Far East	35.6%	489
Total EAFE Index	**100.0%**	**969**

*Weight as a percentage of index (based on foreign inclusion factor, which reflects the free float available to foreign investors).

Source: Morgan Stanley Capital International

The performance of the EAFE Equity Index Fund is evaluated on the basis of how closely its returns match those of the EAFE Index. A portion of EAFE Equity Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in futures contracts.

The I Fund invests in the EAFE Equity Index Fund by purchasing shares of the EAFE Equity Index Fund "E," which, in turn, holds a liquidity pool and shares of the EAFE Index Master Fund. As of December 31, 2010, I Fund holdings constituted $24.3 billion of the EAFE Equity Index Master Fund, which itself held $68.0 billion in securities.

Note: Participants' interfund transfer (IFT) requests redistribute their existing account balances among the TSP funds. For each calendar month, the *first two* IFTs can redistribute money among any or all of the TSP funds. After that, for the remainder of the month, IFTs can *only* move money into the G Fund. (For participants with more than one TSP account, this rule applies to each account separately.)

Fund Information

As of December 31, 2010

Net Assets

$34.9 billion

2010 Administrative Expenses

$0.25 per $1,000
account balance,
.025% (2.5 basis points)

Investment Objective

Fund	Growth	Preservation of Assets
L 2050	High	Very Low
L 2040	High	Low
L 2030	Moderate/High	Low
L 2020	Moderate	Moderate
L Income	Low	High

Time Horizons

(when you expect to need the money)

Choose:	If your time horizon is:
L 2050	2045 or later
L 2040	2035 through 2044
L 2030	2025 through 2034
L 2020	2015 through 2024
L Income	Now withdrawing or withdrawing soon

Inception

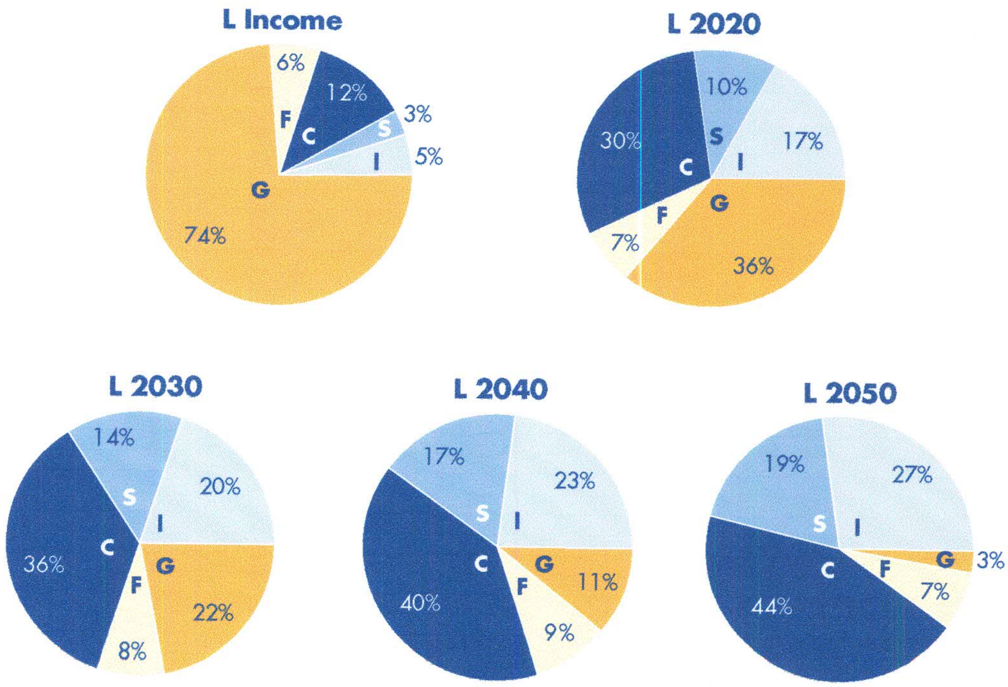
The first L Funds were introduced August 1, 2005

Key Features

- The L Funds diversify participant accounts among the G, F, C, S, and I Funds using professionally determined investment mixes (allocations) that are tailored to different time horizons. The L Funds are rebalanced to their target allocations each business day. The investment mix of each fund adjusts quarterly to more conservative investments as the fund's time horizon shortens.
- The objective of the L Funds is to provide the highest possible rate of return for the amount of risk taken.
- Investing in the L Funds is not a guarantee against loss and does not eliminate risk. The L Funds are subject to the risks inherent in the underlying funds, and can have periods of gain and loss.
- The L Funds' returns will be approximately equal to the weighted average of the G, F, C, S, and I Funds' returns. Earnings are calculated daily, and there is a daily share price for each L Fund.

Allocation Targets

January 2011



L Fund Facts

The L Funds are intended to meet the investment needs of TSP participants with time horizons that fall into five different date ranges, as shown on the front. The five L Funds were designed for the TSP by Mercer Investment Consulting, Inc. The asset allocations are based on Mercer's assumptions regarding future investment returns, inflation, economic growth, and interest rates. The TSP reviews these assumptions at least annually to determine whether changes to the allocations are warranted.

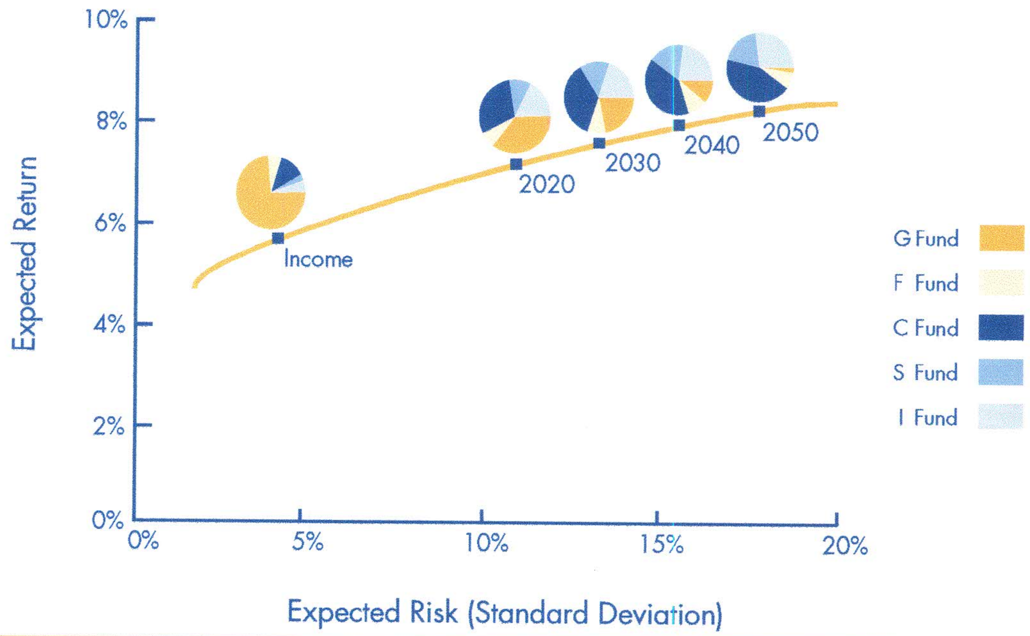
L 2050, L 2040, L 2030, and L 2020 are for participants with time horizons that fall within the defined date ranges. The asset allocations of these funds are adjusted quarterly, moving to a more conservative mix, gradually approaching that of the L Income Fund. Between quarterly adjustments, the asset allocation of each fund is maintained through daily rebalancing to that fund's target allocation. When a fund reaches its horizon, it will roll into the L Income Fund, and a new fund will be added with a more distant time horizon. For example, in 2010, the L 2010 Fund rolled into the L Income Fund, and shortly thereafter the L 2050 Fund was created.

The L Income Fund is designed to produce current income for participants who are already receiving money from their accounts through monthly payments and for participants who plan to withdraw or to begin withdrawing from their accounts in the near future. The asset allocation of the L Income Fund does not change over time; it is maintained through daily rebalancing.

The pie charts on the front show the January 2011 target allocations of the L Income, L 2020, L 2030, L 2040, and L 2050 Funds in each of the five underlying TSP funds. The allocation to the G Fund, which has the least amount of risk, is largest in the L Income Fund, and becomes successively smaller with the more distant target dates. In contrast, the allocations to the F, C, S, and I Funds, which carry varying degrees of risk, but also the potential for higher returns, are largest in L 2050 and smallest in the L Income Fund.

The graph below depicts the expected return and risk associated with each of the five L Funds based on the target allocations in January 2011. The expected returns are derived from Mercer's economic assumptions and are not guaranteed. Expected variability of the investment returns is a measure of risk in investing. For each risk level, there is one "optimal" asset allocation that provides the highest expected return. The collection of optimal asset allocations make up the "Efficient Frontier," which is shown by the curve. Asset allocations that are below the Efficient Frontier are less than optimal, because there is an asset allocation along the frontier that provides a higher return for the same level of risk, or lower risk for the same expected return. The five TSP L Funds have asset allocations that correspond to points shown on the Efficient Frontier. **Putting your entire TSP account into one of the L Funds will help you to achieve the best expected return for the amount of expected risk that is appropriate for your time horizon.**

L Funds and the Efficient Frontier



Over time, the L Funds (except for the L Income Fund) will "roll down" the Efficient Frontier. That means that, as their allocations are adjusted each quarter, the funds shift left on the line, becoming less risky, until they eventually merge into the L Income Fund.

The administrative expenses associated with the L Funds are those of the underlying G, F, C, S, and I Funds, calculated in proportion to their allocations in each L Fund. The L Funds do not have any additional charges. There are no restrictions on investing in the L Funds. You may invest any part of your TSP account in any L Fund, and even invest in more than one L Fund. **But it is recommended that you put your entire TSP account into just one L Fund — the one with the target date that is closest to your time horizon.** Any other strategy may result in an asset allocation that is less than optimal (i.e., not on the Efficient Frontier), or which is not suited to your investment time horizon.

Remember, however, that risk and expected return are based on assumptions about future economic conditions and investment performance. There is no guaranteed rate of return for any period, either short-term or long-term.

Note: Participants' interfund transfer (IFT) requests redistribute their existing account balances among the TSP funds. For each calendar month, the *first two* IFTs can redistribute money among any or all of the TSP funds. After that, for the remainder of the month, IFTs can *only* move money into the G Fund. (For participants with more than one TSP account, this rule applies to each account separately.)

Thrift Savings Plan

Monthly Returns

The L 2010 Fund was retired on December 31, 2010. To view the monthly returns of this fund from August 1, 2005 through December 31, 2010, visit the Retired Funds page.

Select Funds to View: ◉ Individual/L Funds (Past 12 Months) ○ Individual/Index Funds (Past 12 Months) ○ Individual Funds (Since Inception) ○ L Funds (Since Inception)

Combined Individual/L Funds Monthly Returns (Past 12 Months)

Month	L Income	L 2020	L 2030	L 2040	L 2050	G Fund	F Fund	C Fund	S Fund	I Fund
2011										
May	(0.05%)	(0.74%)	(0.97%)	(1.15%)	(1.39%)	0.25%	1.31%	(1.13%)	(1.27%)	(2.90%)
Jun	(0.18%)	(0.84%)	(1.10%)	(1.30%)	(1.48%)	0.21%	(0.30%)	(1.67%)	(2.35%)	(1.16%)
Jul	(0.14%)	(0.94%)	(1.25%)	(1.49%)	(1.75%)	0.22%	1.59%	(2.04%)	(3.14%)	(1.60%)
Aug	(1.10%)	(3.69%)	(4.63%)	(5.37%)	(6.16%)	0.19%	1.45%	(5.44%)	(8.12%)	(9.03%)
Sep	(1.51%)	(4.73%)	(5.92%)	(6.85%)	(7.80%)	0.16%	0.73%	(7.03%)	(10.73%)	(10.55%)
Oct	2.31%	6.18%	7.68%	8.83%	9.92%	0.14%	0.11%	10.93%	14.09%	9.48%
Nov	0.02%	(0.34%)	(0.49%)	(0.62%)	(0.78%)	0.14%	0.01%	(0.21%)	(0.51%)	(2.46%)
Dec	0.20%	0.11%	0.09%	0.07%	(0.01%)	0.15%	1.01%	1.04%	(0.04%)	(2.03%)
2012										
Jan	1.18%	3.03%	3.77%	4.34%	4.87%	0.13%	0.88%	4.50%	7.59%	5.36%
Feb	0.98%	2.53%	3.10%	3.54%	3.99%	0.12%	0.05%	4.34%	3.99%	5.14%
Mar	0.54%	1.23%	1.49%	1.68%	1.86%	0.14%	(0.61%)	3.30%	2.30%	0.13%
Apr	0.01%	(0.38%)	(0.52%)	(0.63%)	(0.78%)	0.15%	1.12%	(0.62%)	(0.71%)	(1.87%)
YTD	2.73%	6.52%	8.02%	9.16%	10.22%	0.54%	1.44%	11.94%	13.64%	8.84%
Last 12 mo	2.22%	0.95%	0.54%	0.09%	(0.73%)	2.02%	7.58%	4.83%	(1.24%)	(12.49%)

Percentages in ( ) are negative.

The L Funds are invested in the five individual TSP funds.