

October 15, 2004

**SUBJECT: THRIFT SAVINGS PLAN OPEN SEASON**

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The Thrift Savings Plan (TSP) open season begins October 15 and ends December 31, 2004. During this open season, you may begin contributing to the TSP or change the amount of your TSP contributions. If you are covered by the Federal Employees Retirement System (FERS), the Civil Service Retirement System (CSRS), or the CSRS Offset System, you should give serious consideration to maximizing your TSP contributions. The TSP is an integral part of your retirement benefits, particularly for employees covered under FERS. The earlier you begin to make contributions to the TSP, the more money you will have at the time of retirement. You are reminded that contributions to the TSP are tax deferred. Not only do you postpone paying taxes on your contributions to your TSP account, the earnings on your account are also tax deferred. This means you do not have to pay taxes on your TSP account earnings until you receive the money, thereby keeping more money invested and working for you.

During this open season, employees covered by FERS may elect to contribute up to 15 percent of the basic pay they earn each pay period; employees covered by CSRS may elect to contribute up to 10 percent of the basic pay they earn each pay period. These percentages will continue to rise 1 percent annually until 2006 when percentage limitations will be eliminated, and employees will be restricted only by limitations imposed by the Internal Revenue Service.

The limit placed on contributions to the TSP by the Internal Revenue Service for 2005 is \$14,000. FERS employees whose salary exceeds \$93,333 per year should keep this limit in mind when deciding on the amount to contribute to their TSP account each pay period. FERS employees will only receive agency matching contributions on the first 5 percent of basic pay contributed each pay period, and employees who reach their annual limit before the end of the year will have their contributions and the agency matching contributions stopped. As a result, these employees will not receive the full amount of agency matching contributions they would have received if their own contributions had been slightly less each pay period but had continued over every pay period throughout the year. For detailed information on how to spread contributions over the entire year, see the TSP Fact Sheet, "*Annual Limit on Elective Deferrals*," at <http://www.tsp.gov/forms/ocfs91-13.pdf>.

**Making a contribution election.** If you are *not* currently contributing to TSP and wish to make a new contribution election, you should complete and submit Form TSP-1 (Election Form) to the Oak Ridge Operations Human Resources Division (HRD). Forms are available in the HRD in Room 1221 of the Federal Building and at the Office of Scientific and Technical Information in Room 32. You may also obtain Form TSP-1 from the TSP web site at [www.tsp.gov](http://www.tsp.gov). Employees who have personal identification numbers through the Employee Self Service (ESS) feature of the Corporate Human Resources Information System should make their changes through the ESS web site at <https://mis.doe.gov/ess/>. These changes include designating an amount or percentage to be contributed to the TSP per pay period and canceling TSP deductions.

**Catch-up Contributions.** If you are or will be age 50 or older during the calendar year and you are already contributing the **maximum** amount in regular TSP contributions, you can make additional catch-up contributions of up to \$4,000 in 2005. You can sign up for catch-up contributions at any time, but you must make a new election for each calendar year. To do this, use the ESS as described above.

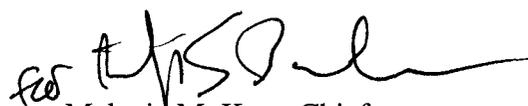
**Effective Dates of Elections.** If your election is received by December 25, 2004, it will become effective in the pay period beginning December 12, 2004. These contributions will be reflected in the employee's January 6, 2005 pay. If your election is made between December 26, 2004 and December 31, 2004, it will become effective in the pay period beginning December 26, 2004. Contributions will be reflected in the employee's January 20, 2005 pay. Employees may stop TSP contributions at any time. Contributions discontinued during an Open Season may be resumed during the next Open Season. Employees who choose to discontinue contributions outside an Open Season must skip one Open Season before resuming contributions.

**Making Investment Elections.** You may invest in any of the five TSP investment funds. To understand the different investment funds, see "*Fund Information*" at <http://www.tsp.gov/cgi-bin/byteserver.cgi/forms/fundsheets-all.pdf>. For a discussion of how your shares are purchased see "*Your Shares in the TSP Funds*" at <http://www.tsp.gov/cgi-bin/byteserver.cgi/forms/oc03-11.pdf>. To change the investment of future contributions to your TSP account, you must request a Contribution Allocation. You must request an Interfund Transfer to change the way previously invested funds are allocated. Requests for Contribution Allocations or Interfund Transfers entered by 11:00 am, central time, each business day will generally be posted at the close of business on that day, and, in the case of Contribution Allocations, generally will affect the allocation of contributions and loan payments posted to your account that day. Requests entered after 11:00 a.m., central time, each business day will generally be posted at the close of business on the next business day. Requests made on a weekend, holiday, or other non-business day will ordinarily be posted at the close of business on the next business day. You may change or cancel a pending request up to the 11:00 a.m., central time, deadline. After the deadline, a request for that day cannot be changed or canceled, but you may request a new Contribution Allocation or Interfund Transfer to be effective the next business day.

To request a Contribution Allocation or an Interfund Transfer, use the TSP Web site ([www.tsp.gov](http://www.tsp.gov)), the ThriftLine (504-255-8777), or Form TSP-50 (Investment Allocation). You may request a contribution allocation or interfund transfer at any time.

**Obtaining More Information.** The booklet, *Guide to TSP Investments*, describes the TSP in detail and contains more information about Contribution Elections, Contribution Allocations, and Interfund Transfers. The latest version of this booklet is dated August 2003. Copies of this booklet are available in Room 1202 of the Federal Building and Room 32 at OSTI. The booklet can also be viewed and printed from the TSP web site at <http://www.tsp.gov/cgi-bin/byteserver.cgi/forms/tspbk03.pdf>.

Questions regarding the TSP should be referred to Cathy Clifton at (865) 576-0680.

  
Melanie M. Kent, Chief  
Federal Human Resources Branch

The annual rates of return (net earnings after expenses) for the G, F, C, S, and I Funds are shown below.

Year	G Fund	F Fund	C Fund
1994	7.2%	-3.0%	1.5%
1995	7.0%	18.5%	37.4%
1996	8.6%	5.7%	29.8%
1997	8.6%	9.8%	33.2%
1998	9.7%	8.7%	28.4%
1999	8.0%	-0.8%	21.0%
2000	6.4%	11.7%	-9.1%
2001	5.4%	6.6%	-11.5%
2002	5.0%	10.3%	-22.0%
2003	4.1%	4.1%	28.5%
1994 - 2003 Average Annual Growth Rate*	6.6%	5.9%	11.8%

Year	S Fund†	I Fund†
1994	-2.7%	7.8%
1995	33.5%	1.5%
1996	17.2%	6.1%
1997	25.7%	1.5%
1998	6.6%	20.1%
1999	35.5%	26.7%
2000	-15.8%	-14.2%
2001	-9.0%	-21.5%
2002	-18.1%	-16.0%
2003	42.9%	37.9%
1994 - 2003 Average Annual Growth Rate†	9.7%	4.5%

\* The S and I Funds were implemented in May 2001. Through May 2004, the S Fund tracked the Wilshire 4500 stock index. Currently, the S Fund tracks the Dow Jones Wilshire 4500 Completion Stock Index. The I Fund tracks the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) stock index. The returns shown reflect the actual performance of the S and I Funds from May 2001 forward, and the returns of the Wilshire 4500 and EAFE indexes (without deduction of any administrative expenses, trading costs, or investment management fees), respectively, for the first 4 months of 2001 and for prior years.

There is no guarantee that future rates of return will replicate historical rates. There is risk of investment loss in the F, C, S, and I Funds.

You can get the most recent share prices and rates of return by visiting the TSP Web site or by calling the ThriftLine.

More information about the TSP is available from your personnel officer. Ask for the *Summary of the Thrift Savings Plan*. Be sure to review the information in the Plan Summary before you make any decisions about your TSP account. Additional information (as well as the most recent forms and publications) is available from the TSP Web site.

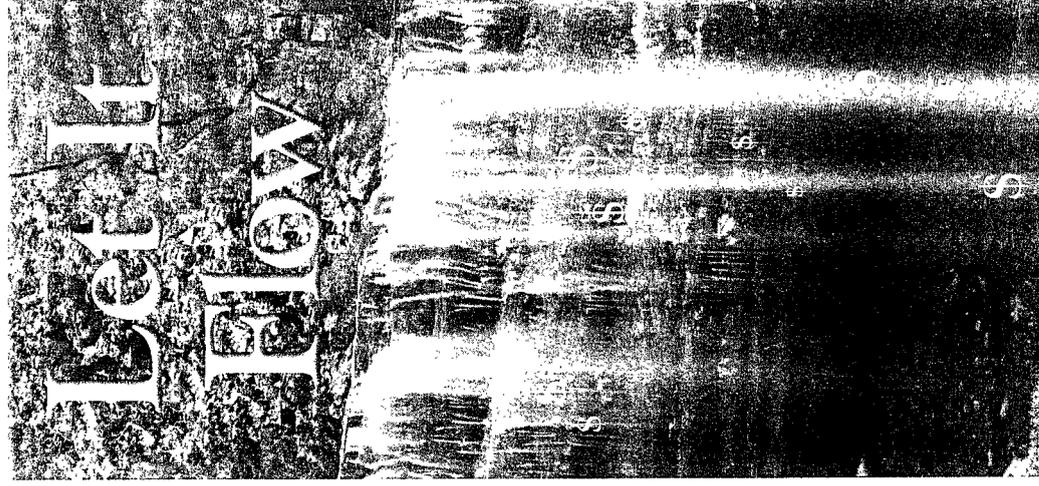
Restrictions on withdrawing your money apply while you are employed. Read the Plan Summary for details.

Address changes? If so, contact your agency immediately to correct your TSP account records.

# TSP

## Open Season

October 15 - December 31, 2004



# Let It Flow

## FERS and CSRS Employees

 Thrift Savings Plan

www.tsp.gov

TSP10/2004

### The Thrift Savings Plan (TSP)

**Open season** is your chance to start or change the amount of your contributions to your TSP account. Ask your personnel office for the TSP Election Form (TSP-1) or download a copy from the Forms & Publications section of the TSP Web site, [www.tsp.gov](http://www.tsp.gov). Your contributions will be made automatically from your pay each pay period.

**Note:** Some agencies process these elections electronically instead of using paper forms. Check with your personnel office for guidance.

If you are covered by FERS, you can elect to contribute up to 15% of your basic pay each pay period, up to the Internal Revenue Service (IRS) annual limit (\$14,000 for 2005).

As soon as you are eligible for agency contributions, your agency will automatically contribute an amount equal to 1% of your basic pay each pay period, whether you contribute or not. In addition, if you contribute your own money, your agency will match your contributions:

- dollar-for-dollar on the first 3% you contribute each pay period, and
- 50 cents on the dollar for the next 2% you contribute.

If you were hired before December 1, 2003, you are already eligible for agency contributions.

If you were hired:	Agency contributions will begin:
December 1, 2003 – May 31, 2004	First full pay period in December 2004
June 1, 2004 – November 30, 2004	First full pay period in June 2005
December 1, 2004 – May 31, 2005	First full pay period in December 2005

If you are covered by CSRS, you can elect to contribute up to 10% of your basic pay each pay period, up to the IRS annual limit (\$14,000 for 2005). You do not receive any agency contributions.

If you are age 50 or older, and you are contributing the maximum amount of regular TSP contributions for which you are eligible, you may also elect to make additional “catch-up” contributions up to \$3,000 for 2004, and \$4,000 for 2005. Check with your personnel office for guidance about when to submit your election.

You can choose among five investment funds:

- **Government Securities Investment (G) Fund** --- invested in short-term, risk-free U.S. Treasury securities that are specially issued to the TSP
- **Fixed Income Index Investment (F) Fund** --- invested in a bond index fund that tracks the Lehman Brothers U.S. Aggregate (LBA) bond index
- **Common Stock Index Investment (C) Fund** --- invested in a stock index fund that tracks the Standard & Poor's (S&P) 500 stock index (which comprises large companies)
- **Small Capitalization Stock Index Investment (S) Fund** --- invested in a stock index fund that tracks the Dow Jones Wilshire 4500 Completion stock index (which comprises small and medium companies)
- **International Stock Index Investment (I) Fund** --- invested in a stock index fund that tracks the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) stock index (which comprises stocks in 21 countries)

If you are a new participant, your contributions are automatically invested in the G Fund. Once your account has been established, make an investment allocation to put your contributions in the funds of your choice.

You may choose or change your investments in the following ways:

- **Contribution allocation** --- specifies the way in which all new money coming into your account (payroll contributions, loan payments, transfers and rollovers from other retirement plans) is invested in the funds. It does not affect the investment of your current balance.
- **Interfund transfer** --- redistributes the money already in your account. It does not affect the investment of future contributions.

**Open season is a good time to review your investment choices** and rebalance your account to match your retirement savings goals. You can rebalance by making interfund transfers, contribution allocations, or a combination of the two. You may make your contribution allocation or interfund transfer at any time using:

- the TSP Web site ([www.tsp.gov](http://www.tsp.gov)).
- the ThriftLine 1-TSP-YOU-FIRST (1-877-968-3778). Callers outside the U.S. and Canada call 1-504-755-8777 (not toll free).
- Form TSP-50, Investment Allocation.

The Web site and the ThriftLine are the most efficient ways to make your investment allocation. You will need your Social Security number and your TSP Personal Identification Number (PIN) to make your request. If you are a new participant, you will receive a PIN in the mail after your account is established.