



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS^{*}

February 28, 2011

Alejandro Sanchez, Acting Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on February 28, 2011, at 9 a.m., Eastern Time. The meeting was open to the public at the Board's offices at 1250 H Street, N.W., Washington, D.C. In attendance were Michael D. Kennedy of Georgia; Dana K. Bilyeu of Nevada; Gregory T. Long, Executive Director; Thomas K. Emswiler, Secretary and General Counsel; Mark A. Hagerty, Chief Information Officer; Pamela-Jeanne Moran, Director, Participant Services; James B. Petrick, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; Renee Wilder, Director, Research and Strategic Planning; and Thomas J. Trabucco, Director, External Affairs.

1. Approval of the minutes of the January 25, 2011 Board member meeting.

Acting Chairman Sanchez entertained a motion for approval of the minutes of the January 25, 2011 Board member meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board member meeting that was held on January 25, 2011, be approved.

2. Thrift Savings Plan activity report by the Executive Director.
 - a. Monthly Participant Activity Report

Ms. Wilder reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). Ms. Wilder informed the Board members that the total fund balance is roughly \$285 billion and the participation rate is 84.6%.

Ms. Wilder also pointed out that the number of non-contributing participants decreased in January from 396,000 to 366,000. She attributed the decrease to targeted mailings that the Office of Participant Services sent to non-contributing participants to encourage them to participate in the TSP.

Ms. Wilder also noted that approximately 97.6% of newly hired civilian Federal employees are participating in the TSP. Only 2.4% of new hires

^{*} As amended April 22, 2011.

declined TSP participation immediately upon hiring or opted out of automatic enrollment. Ms. Wilder explained that the next step is to encourage the auto enrolled population to start saving above the 3 percent level.

Mr. Long cautioned the Board that significant increases in participation rates during the month of January may not accurately foretell a trend. He explained that an increase in participation sometimes occurs in January because participants who maxed out their contributions in the prior year begin making contributions again.

Ms. Wilder explained that the January participation statistics for uniformed services are not included in her report because she has not yet received numbers from the Department of Defense. Mr. Sanchez asked Ms. Wilder to e-mail the Board members the January uniformed services participation rates before the next meeting if she receives them from the Department of Defense before then. Mr. Sanchez applauded the Navy's December active-duty participation rate.

b. Monthly Investment Performance Report

Ms. Ray reviewed the February 4, 2011 memorandum, entitled "January 2011 Performance Review" (attached). Ms. Ray reported that there were two tracking errors in the BlackRock funds. First, there was a tracking error in the S Fund because of an optimization process BlackRock uses in managing that fund. Second, there was tracking error in the I Fund due to the tax effect.

Ms. Ray reported that the G Fund rate remains at 2.88 percent. The 30-year T-bond is yielding 4.51 percent and the 10-year note is yielding 3.40 percent.

The total returns of the TSP funds were positive for the month of January and remain positive year-to-date. Despite one week in February during which the markets fell 2 percent, the C Fund is up 2.84 percent, the F Fund is up 4.31 percent, and the I Fund is up 2.28 percent in February. Ms. Ray noted that, for the year-to-date numbers, the C Fund is up 5.28 percent, the S Fund is up 5.59 percent, and the I Fund is up 4.75 percent.

Ms. Ray reported that participants transferred \$1.7 billion from equity funds to the G and F Funds during the last three days of February. Mr. Sanchez remarked that participants do themselves a disfavor by buying high and selling low.

Ms. Ray also reported on participation in the new L 2050 Fund. During February, participants transferred \$300 million to the L 2050 Fund and contribution allocations to the L 2050 total about \$5 million per month. Ms. Ray noted that there are 3,000 participants with a balance in the L 2050 Fund compared to 748,000 participants with a balance in any one of L Funds.

c. Legislative Report

Mr. Trabucco reported that Congressman Ross of Florida is the new chairman of the Agency's subcommittee in the House. Mr. Trabucco reported that Senator Johnson from Wisconsin, who replaced Senator Feingold, is the ranking member of Agency's subcommittee in the Senate.

Next, Mr. Trabucco reported that Congressman Lynch is likely to reintroduce legislation that will allow participants to make contributions from lump sum terminal leave payments. The legislation's \$317 million cost prevented it from being enacted by the last Congress.

Mr. Trabucco also discussed the possibility of a Federal government shutdown if Congress cannot pass a budget. He explained that the Agency will continue to operate in the event of a Federal government shutdown because the Agency's operations are not financed by appropriated funds. However, contribution activity from other agencies may be substantially lower. Mr. Long assured the Board that the Agency would still be able to pay its vendors and employees. Mr. Petrick added that the Agency would still be able to disburse checks to participants.

3. Discussion of Meeting Dates.

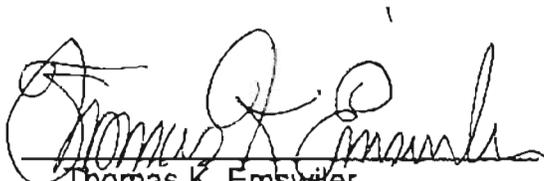
Mr. Long confirmed that the next Board meeting is scheduled for the 28th of March at 10:00 a.m. Mr. Sanchez noted that the following meeting is scheduled for April 18th. Mr. Long, Mr. Sanchez, and Ms. Bilyeu discussed the possibility of changing the date for the September meeting from the 22nd to the 12th. A decision on the date change for the September meeting is pending confirmation of Mr. Kennedy's and Mr. Saul's availability.

4. Closed Session.

On a vote taken by the Acting Chairman, the members closed the meeting at 9:25 a.m. for executive session.

At 10:02 p.m., upon completion of the executive session, the members reconvened the open portion of the meeting.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Acting Chairman Sanchez adjourned the meeting at 10:02 p.m.


Thomas K. Emswiler
Secretary

Attachments

- 1 Thrift Savings Fund Statistics
- 2 January 2011 Performance Review – G, F, C, S, I, and L Fund

After the meeting concluded, Mr. Sanchez, Ms. Bilyeu, Mr. Kennedy, and Mr. Long received annual ethics training.