



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

February 24, 2014

Michael D. Kennedy, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on February 24, 2014, at 10:00 a.m., Eastern Time. The meeting was open to the public at the Board's offices at 77 K Street, N.E. In attendance were Dana K. Bilyeu of Nevada, member (by telephone); David A. Jones of Connecticut, member (by telephone); Ronald D. McCray of Texas, member (by telephone); William S. Jasien of Virginia, member (by telephone); Greg Long, Executive Director; James B. Petrick, Secretary and General Counsel; Susan C. Crowder, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; Kimberly A. Weaver, Director, External Affairs; Troy Poppe, Deputy Chief Technology Officer; Anne Beemer, Deputy Chief Risk Officer; James Courtney, Director, Office of Communications and Education; Gisile Goethe, Director, Office of Resource Management; Renee C. Wilder, Director, Office of Enterprise Planning; Thomas K. Emswiler, Director, Office of Participant Operations and Policy; Megan G. Grumbine, Executive Advisor to the Executive Director; and Toni Bush Neal, Management and Performance Division Chief, Office of Enterprise Planning.

1. Approval of the minutes of the January 27, 2014 Board member meeting.

Chairman Kennedy entertained a motion for approval of the minutes of the January 27, 2014 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 27, 2014 be approved.

2. Thrift Savings Plan (TSP) activity report by the Executive Director.

Mr. Long gave opening remarks, including a brief summary of the agenda for the meeting. Mr. Long stated that the Agency was aware of recent emails from other federal agencies warning of possible phishing attacks involving the TSP. Mr. Long underscored that the Agency had investigated these warnings and had not discovered a security breach. Mr. Long noted that, in the past, similar warnings had been associated with security awareness training exercises at other agencies and communicated the Agency's intent to reach out to partner agencies to reiterate the fact that using the TSP for security training purposes is inappropriate.

a. Monthly Participant Activity Report

Ms. Wilder and Mr. Emswiler reviewed the monthly participant activity report. See "Thrift Savings Fund Statistics" (attached). Ms. Wilder discussed fund activity. Participation increased from 85.9 percent in December to 86.8 percent in January, on par with previous high participation in June of 2013. Participants have established over 312,000 accounts in the Roth TSP option, with \$1 billion in assets. Mr. Emswiler discussed participant activity. Participation has continued to rise to 4.627 million participants.

Mr. Kennedy asked whether the TSP had responded to any inquiries regarding the President's announced initiative to establish a "myRA" retirement savings account. Ms. Weaver stated that the TSP had received some inquiries, but that citizens would not be using the TSP to participate. Mr. Jasien asked about Agency efforts to promote participation in the Roth TSP option. Mr. Courtney responded that the Agency provides significant online information and web-based tools, as well as providing in-person training events. Mr. Long added that the Agency also disseminates information about participant options through video link training, paper materials, phone center calls, and agency partnerships.

b. Monthly Investment Performance Report

Ms. Ray reviewed the fund performance memorandum, entitled "January 2014 Performance Review – G, F, C, S, I, and L Funds" (attached). Ms. Ray highlighted tracking differences with BlackRock managed funds due to securities lending and pricing methodology. The small to mid cap fund underperformed as a result of the optimization process. Market concerns about China's economy and financial system and domestic unemployment caused losses in January. These losses were recovered in the beginning of February. Ms. Ray reviewed individual fund performance.

c. Legislative Report

Ms. Weaver reported on the legislative status of the Postal Service reform bill. Ms. Weaver noted that the federal debt ceiling has been raised until March of 2015. Ms. Weaver reported that TSP trainers were participating in education efforts as part of Military Saves and America Saves Weeks. Mr. Courtney addressed specific TSP training events.

d. Quarterly Metrics Report

Ms. Bush Neal presented the strategic performance metrics report for the first quarter of fiscal year 2014 (attached). Ms. Bush Neal summarized the report and provided an overview of metrics of Agency strategic goals. Metrics included the average Federal Employee Retirement System participation rate; the one-year post-separation retention rate; the active duty uniformed services' participation rate; performance management plans; participant account information availability; and performance audit findings.

e. Audit Report

Ms. Beemer discussed recent Agency audits conducted by the U.S. Department of Labor's Employee Benefits Security Administration. See "Summary of Audit Reports issued by Department of Labor" and associated reports (attached). The Agency has established a timeline to close all open findings by the second quarter of 2015.

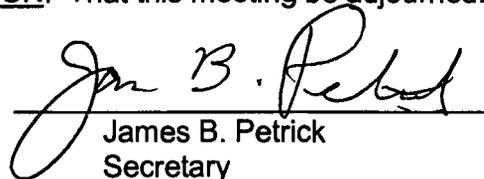
f. L Fund Naming Options

Mr. Long responded to Mr. Jasien's question regarding whether the term "Lifecycle Funds" was an appropriate name for the L Fund. See "Appropriate Name for Lifecycle "Funds"" (attached). Mr. Long conveyed the Agency's decision to explore a move towards changing the name to "Lifecycle Strategies." Mr. Kennedy asked whether this was in the mainstream of practice for similar asset management firms. Mr. Long stressed the benefits to participants of potentially changing the name to better communicate the nature of the fund over choosing the most commonly used term. Mr. Long stated that the decision was not yet final and subject to both focus group testing and a determination of when the least disruptive and least costly time would be to make the name change.

3. Adjournment

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Kennedy adjourned the meeting at 10:49 a.m.

MOTION: That this meeting be adjourned.

  
James B. Petrick  
Secretary

**Attachments**

1. Thrift Savings Fund Statistics
2. January 2014 Performance Review –G, F, C, S, I, and L Funds
3. Strategic Performance Metrics – 1st Quarter Fiscal Year 2014
4. Summary of Audit Reports issued by Department of Labor and Associated Reports
5. Appropriate Name for Lifecycle "Funds" Memorandum