

MINUTES OF THE MEETING OF THE BOARD MEMBERS

December 19, 2024

Michael F. Gerber, Chair of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on December 19, 2024, at 10:00 a.m., Eastern Standard Time. The meeting was held virtually and was open to the public via teleconference. In attendance were Dana K. Bilyeu of Oregon, member; Leona M. Bridges of California, member; Stacie Olivares of California, member; Suzanne Tosini, Acting Executive Director and Chief Operating Officer;; Dharmesh Vashee, General Counsel and Secretary; Kimberly A. Weaver, Office of External Affairs Advisor; Gisile Goethe, Director, Office of Resource Management; James Courtney, Director, Office of Participant Experience; Sean McCaffrey, Chief Investment Officer; Vijay Desai, Chief Information Officer; Stephen Huber, Acting Chief Risk Officer; Trevor Williams, Chief Financial Officer; and James L. Kaplan, Director, Office of External Affairs.

Welcome and Introductions.

Ms. Tosini called to order the monthly meeting of the Federal Retirement Thrift Investment Board (FRTIB or Agency) at 10:00 a.m. and welcomed everyone present to the meeting.

Ms. Tosini gave a brief summary of the agenda and congratulated Mr. McCaffrey and Patrick Bevill, Chief Information Security Officer, on their receipt of the 2024 Presidential Rank Awards. These awards are chosen by the President and are one of the most prestigious awards in the federal career civil service. Chair Gerber echoed his congratulations to Mr. McCaffrey and Mr. Bevill on the accomplishment.

1. Approval of the Minutes of the November 21, 2024, Board Meeting.

Chair Gerber entertained a motion for approval of the minutes of the November 21, 2024 Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting held on November 21, 2024 be approved.

2. Monthly Reports.

a. Participant Activity Report

Mr. Courtney reviewed the monthly Participant Activity Report. See "Participant Activity Report December 2024" (attached). He reported that that the TSP started December with 7.2 million accounts, a new Plan record. He noted that the year-end processing schedule was posted to the tsp.gov website on December 2. Withdrawals requested and completed by noon on December 27 are reported to the

Internal Revenue Service (IRS) as income for 2024 and any withdrawals completed after that date will be reported as income for 2025. Mr. Courtney reported that all remaining 2024 required minimum distributions (RMDs) for separated participants age 73 and older were processed as of December 19, which will avoid unnecessary penalties from the IRS.

b. Investment Report

Mr. McCaffrey reviewed the investment performance report. See “November 2024 Investment Program Review” (attached). For the month of November, both BlackRock’s and State Street’s F Fund performance was ahead of the Fixed Income Index’s return by eight basis points and 10 basis points, respectively, primarily due to month-end pricing differences between the index provider and manager’s pricing source. Blackrock’s and State Street’s performance for the C and S Funds aligned with respective benchmarks. BlackRock’s and State Street’s performance for the I Fund exceeded the International Index by 53 basis points and 48 basis points, respectively, primarily due to fair value pricing.

Mr. McCaffrey reported that in the month of November, bullish sentiment prevailed, which propelled much of the United States stock market to record highs. The Federal Open Market Committee met and elected to cut its target range for short-term interest rates, citing easing labor market conditions and progress toward its inflation objective. The C and S Funds rose sharply in November. I Fund performance was essentially flat, hampered in part by a stronger U.S. dollar. Longer-term interest rates fell, helping the F Fund to a gain. All L Funds finished higher for the month of November.

BlackRock’s year-to-date performance for the F Fund was ahead of the Fixed Income Index’s return by 18 basis points, primarily due to pricing differences on the last trading days of December 2023 and November 2024. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, BlackRock was ahead of the Small Mid-Cap Index by 11 basis points, primarily due to securities lending. Its I Fund performance exceeded the applicable International Index’s return by 41 basis points, primarily due to tax advantage.

State Street’s year-to-date performance for the F Fund was ahead of the Fixed Income Index’s return by 21 basis points, also primarily due to month-end and year-end pricing differences. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, State Street was ahead of the Small Mid-Cap Index by seven basis points, primarily due to securities lending. Its I Fund performance was ahead of the applicable International Index’s return by 38 basis points, primarily due to tax advantage.

Mr. McCaffrey provided a brief update on market performance for December as of market close on December 18. He indicated that U.S. stocks are down so far in December, with the C Fund down 2.58 percent; the S Fund has lost 6.81

percent; the I Fund is down 2.56 percent; the F Fund has fallen 1.58 percent; and the G Fund is ahead by 0.21 percent. Turning to L Funds, Mr. McCaffrey reported that the number of accounts holding assets in L Funds increased by approximately 15,000, due largely to the automatic enrollment of new participants. He noted that the L 2060, L 2065, and L 2070 Funds saw the largest increases as expected.

Finally, net interfund transfers for the month of November rose on a net dollar basis, likely reflecting some of the month's bullish sentiment with the bulk of flows going into the S Fund followed by flows into the C Fund. Mr. McCaffrey noted that most of the transfers were sourced from the G Fund in the amount of 3.46 billion dollars. On a percentage basis, about 3.1 percent of participants moved assets between Funds, which is considerably higher than the long run median of 2.0 percent. He noted that nearly 97 percent of participants made no changes to their asset allocations during the month of November, instead choosing to stay the course.

c. Legislative Report

Mr. Kaplan provided the legislative update. He indicated that Congress was still debating a continuing resolution for appropriations with a target date of funding the government through March 17, 2025. Mr. Kaplan stated that the National Defense Authorization Act was passed by both houses of Congress and would be sent to President Biden for final signature. The Act did not contain any provisions that relate to the TSP.

Mr. Kaplan noted that a Congressional swearing-in ceremony is scheduled for January 3, 2025. He indicated that the Agency is aware of new committee leadership for issues relating to the TSP. The House Oversight Committee's new ranking member will be Representative Gerry Connolly of Virginia, and the House Financial Services Committee Chairman will be Representative French Hill of Arkansas.

3. Quarterly Vendor Risk Management Report.

Mr. Huber provided an overview of the Agency's Quarterly Vendor Risk Assessment for the 3rd Quarter of Calendar Year (CY) 2024. See "Quarterly Vendor Risk Assessment – 3rd Quarter CY 2024" (attached). He reported that having analyzed various sources of data and evaluated metrics to assess solvency, liquidity, and profitability for five critical vendors, that all vendors are able to fulfill their contractual obligations to the Agency. The Quarterly Vendor Risk Assessment memorandum to the Board members and the Executive Director provides more detail on the results of the analysis for the 3rd quarter of CY 2024.

4. 2025 Board Calendar Review.

Ms. Tosini provided the proposed dates for 2025 Board meeting calendar for review. See “2025 Board Meeting Calendar” (attached). She indicated that the calendar will be posted on the frtib.gov website once the dates are finalized.

5. Adjourn.

Chair Gerber closed the meeting by thanking the entire Agency staff for their great work in 2024, dedication to TSP participants and beneficiaries, and for sharing the Board’s commitment to the mission of the TSP.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chair Gerber adjourned the meeting at 10:12 a.m.

MOTION: That this meeting be adjourned.

Dharmesh Vashee
General Counsel and Secretary

Attachments

1. Participant Activity Report December 2024
2. November 2024 Investment Program Review
3. Quarterly Vendor Risk Assessment – 3rd Quarter CY 2024
4. 2025 Board Meeting Calendar