



MINUTES OF THE MEETING OF THE BOARD MEMBERS

January 27, 2026

Michael F. Gerber, Chair of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on January 27, 2026, at 10:00 a.m., Eastern Standard Time. The meeting was held virtually and was open to the public via teleconference. In attendance were Leona M. Bridges of California, member; Stacie Olivares of California, member; Ravindra Deo, Executive Director; Dharmesh Vashee, General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer and Deputy Executive Director; Gisile Goethe, Director, Office of Resource Management; James Courtney, Director, Office of Participant Experience; Sean McCaffrey, Chief Investment Officer; Thomas Brandt, Office of Planning and Risk, Program Advisor; Trevor Williams, Chief Financial Officer; James L. Kaplan, Director, Office of External Affairs; Jason Boyd, Chief Information Officer; and Brittany Borg, Chief Risk Officer.

Welcome and Introductions.

Chair Gerber called to order the monthly meeting of the Federal Retirement Thrift Investment Board (FRTIB or Agency) at 10:02 a.m. and welcomed everyone present to the meeting.

1. Approval of the Minutes of the December 18, 2025, Board Meeting.

Chair Gerber entertained a motion for approval of the minutes of the December 18, 2025, Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting held on December 18, 2025, be approved.

2. Monthly Reports.

Mr. Deo then gave opening remarks and provided a summary of the agenda.

a. Participant Activity Report

Mr. Courtney reviewed the monthly Participant Activity Report. See “Participant Activity Report January 2026” (attached). At the end of 2025, more than 90 percent of active-duty Blended Retirement System (BRS) participants contributed at least five percent of their salary to the Thrift Savings Plan (TSP). Nearly three million participants contributed after-tax money to a Roth TSP balance, which is a Plan record. Mr. Courtney also reported that Roth assets are valued at more than 90 billion dollars, another Plan record. Additionally, new general-purpose loans and hardship withdrawals increased. Mr. Courtney noted that these loan and hardship increases are not unique to

the TSP but are part of a larger trend in the 401(k) space. He also reported that Section 603 of the SECURE Act 2.0 went into effect on January 1, 2026, requiring catch-up contributions to be designated as Roth contributions in 2026 for participants with prior-year wages above 150,000 dollars.

Lastly, Mr. Courtney addressed preparations for a potential partial government shutdown, stating that if a shutdown occurs, the TSP will remain open and continue its normal daily operations. He stated that active participants with outstanding TSP loans will not be placed in delinquency status due to a lapse in payroll deductions during a shutdown period. Mr. Courtney directed participants to visit the TSP portal at tsp.gov/shutdown for updates and additional information in the event of a partial government shutdown.

b. Legislative Report

Mr. Kaplan provided the legislative update. He reported that Congress returned in January and continues to focus on completing the appropriations process to avoid another lapse in appropriations. In November, Congress passed three of the 12 appropriations bills when it passed the last Continuing Resolution (CR). While the House of Representatives passed legislation this month incorporating the remaining nine appropriation bills, Mr. Kaplan stated that the Senate had not yet acted, and the government could face another partial government shutdown as some agencies face a lapse in appropriations if these bills or another CR are not passed by January 30, 2026. He reiterated that a partial government shutdown will not directly affect the operations of the TSP, and participants and beneficiaries can continue to access their accounts.

Mr. Kaplan also reported that Congresswoman Eleanor Holmes Norton of Washington, District of Columbia, announced her intent to introduce legislation to allow for penalty-free distributions from the TSP in certain circumstances related to retirement or involuntary separation from federal service. FRTIB continues to track the status of all draft legislation and proposals that could impact the Agency, the TSP, or participants and beneficiaries.

3. Quarterly Reports.

a. Investment Review

Mr. McCaffrey reviewed the investment performance report. See “December 2025 Investment Program Review” (attached). For the month of December, both BlackRock’s and State Street’s F Fund performance lagged the Fixed Income Index’s return by 11 basis points and 12 basis points, respectively, primarily due to month-end pricing differences. Both BlackRock’s and State Street’s performance for the C and S Funds aligned with respective benchmarks. BlackRock’s performance on the I Fund trailed the International Index by 29 basis points, primarily due to fair value pricing. State Street’s performance on the I Fund aligned with respective benchmarks.

Mr. McCaffrey reported that, in the month of December, the Federal Reserve reduced its target range for short-term interest rates, reiterating its commitment to achieving maximum employment and restoring price stability. The C Fund rose slightly, while the S Fund fell. The I Fund posted a gain, helped in part by a weaker U.S. dollar. The F Fund finished lower, hampered by increases in most longer-term interest rates. All L Funds posted gains for the month of December.

Mr. McCaffrey next reviewed BlackRock's full-year performance for 2025. Performance for the F Fund lagged the Fixed Income Index by six basis points, primarily due to month-end pricing differences; the C Fund's performance aligned with the Large Cap Index; the S Fund outperformed the Small Mid-Cap Index by eight basis points, primarily due to securities lending; and the I Fund's performance exceeded the International Index by 48 basis points, primarily due to tax advantage and fair value pricing.

State Street's full-year performance for the F Fund lagged the Fixed Income Index by five basis points, primarily due to month-end pricing differences; performance for the C Fund aligned with the Large Cap Index; the S Fund's performance exceeded the Small Mid-Cap Index by 12 basis points, primarily due to securities lending and securities sampling; and the I Fund's performance exceeded the International Index by 53 basis points, primarily due to tax advantage and fair value pricing.

As of market close on Monday, January 26, 2026, the C Fund gained 1.60 percent for the month-to-date; the S Fund rose 4.84 percent; the I Fund rose 5.86 percent; the F Fund was up 0.34 percent; and the G Fund gained 0.31 percent.

Mr. McCaffrey reviewed the L Funds participation and interfund transfer (IFT) rates. L Funds participation increased by about 13,000 accounts in December, driven primarily by the automatic enrollment of new participants. For the month of December, IFTs were not at levels that caused any concern. On a percentage basis, approximately 2.2 percent of participants moved assets between funds, which is just slightly above the long run median of 2.0 percent.

Mr. McCaffrey next turned to the quarterly report covering proxy voting for the third quarter of 2025. He noted that audits of BlackRock's and State Street's proxy voting activities revealed no exceptions to their established guidelines.

Lastly, Mr. McCaffrey provided the quarterly report covering class action settlements. BlackRock began the third quarter with 93 open claims. During the quarter, 17 new claims were opened and 18 claims were closed. Total proceeds were over 3.5 million dollars, which included recent settlements of over 3.1 million dollars and total residual payments from previously closed claims netting about 444,000 dollars. BlackRock ended the quarter with 92 open claims. State Street began the third quarter with 41 open claims. During the quarter, 16 new claims were opened and nine claims

were closed. Total proceeds from settlements were over 168,000 dollars. State Street ended the quarter with 48 open claims.

Chair Gerber entertained a motion to continue the current investment policies for the G, C, F, S and I Funds. The following motion was made, seconded, and adopted without objection:

MOTION: That the current investment policies for the G, C, F, S, and I Funds are affirmed without change.

Chair Gerber, on behalf of the Board, thanked Mr. McCaffrey for his years of service to the Agency and congratulated him on his upcoming retirement. Board members expressed their appreciation for his contributions to the TSP.

b. Budget Review

Mr. Williams presented the quarterly budget update. See “FY2026 1st Quarter Budget Review” (attached). He noted that the Board approved a budget of 490.3 million dollars for Fiscal Year 2026 (FY26). The Agency’s commitment through the first quarter was 239.7 million dollars, which is 94 percent of the Agency’s FY26 first quarter spend plan target. Mr. Williams noted most of the committed budget was spent on recordkeeping.

c. Audit Status

Mr. Williams next presented the quarterly external audit and remediation status. See “Quarterly External Audit and Remediation Status January 2026” (attached). He reported that out of 10 audit reports for FY26, two were in progress and eight were planned. The Employee Benefits Security Administration (EBSA) had eight audits and Sikich had one. The auditor for the one remaining audit has not been determined. The Agency started the quarter with 77 open audit recommendations, out of which 32 recommendations were implemented and 45 were in progress. During the quarter, there were no new recommendations and two closed recommendations. The Agency ended the quarter with 75 open recommendations, with 10 additional recommendations moving from in progress to implemented status.

4. Roth In-Plan Conversion Update.

Mr. Courtney presented an update on the TSP’s Roth in-plan conversion option, reporting that the feature will be available to participants beginning January 28, 2026. See “Roth In-Plan Conversion Update” (attached). He began by explaining that the option allows participants to convert funds from their traditional, or pre-tax balance, to Roth, or after-tax balance. He noted that any taxes owed on the conversion amount are due when the participant files a tax return for the year of conversion and that, after conversion, those funds may grow tax-free if Internal Revenue Services (IRS) requirements are met.

Mr. Courtney next reviewed participant eligibility and transaction parameters, stating that active, separated, and spouse beneficiary participants are eligible to make Roth in-plan conversions. He stated that the minimum conversion amount is 500 dollars. While there is no limit on how much a participant may convert, active and separated participants must leave at least 500 dollars in non-Roth sources in the event an agency or service payroll provider needs to make future payroll corrections. Mr. Courtney further reported that participants may complete up to 26 Roth in-plan conversions per account per calendar year. Spousal consent is not required. Participants subject to a required minimum distribution must take the required distribution prior to completing a conversion.

Mr. Courtney next discussed the Agency's participant education and communication efforts related to the launch. He stated that the Agency began distributing a series of educational emails in the fall to prepare participants for the Roth in-plan conversion option and the implementation of Section 603 of the SECURE Act 2.0. Mr. Courtney reported that the Agency launched a Roth in-plan conversion webpage in November that provides information on tax considerations and transaction rules. He also discussed two Roth conversion calculators, one currently available on tsp.gov and another available within My Account beginning January 28, 2026. He explained that the My Account calculator will automatically populate a participant's available traditional balance to assist with estimating the potential tax impact of a conversion.

Mr. Courtney then played an instructional video developed to guide participants through the Roth in-plan conversion process. The video will be available inside My Account as well as on the Agency's YouTube channel beginning January 28, 2026. Together, these communications explain the differences between traditional and Roth contributions, highlight tax implications of conversions, and encourage participants to consult a tax advisor before initiating a conversion. ThriftLine agents are also able to answer participant questions and may remain on the line while a participant completes a Roth in-plan conversion, but agents cannot initiate the conversion on a participant's behalf. Lastly, Mr. Courtney reported that the Agency will begin offering a weekly Roth webinar in February, with recorded versions available for participants who are unable to attend live sessions.

5. Recordkeeping Service Update.

Mr. Courtney introduced Vanessa Godshalk and Owen Davies from Accenture Federal Services (AFS) to present the recordkeeping service update. See "Converge Program Update January 2026" (attached). Ms. Godshalk, AFS Civilian Portfolio Lead, expressed her and AFS's commitment to help FRTIB in serving its mission.

Mr. Davies, AFS Client Account Lead, began by discussing the current recordkeeping performance status. He reported that participant satisfaction increased across all channels in 2025. Participant satisfaction was 95 percent for the TSP mobile app, 94 percent for the ThriftLine, 94 percent for the virtual assistant, and 94 percent

overall. Mr. Davies reported that 84 percent of calls were answered in less than 20 seconds and that average call handling time decreased approximately 13 percent year-over-year. Mr. Davies stated that participant interactions have increased, with more than 97 percent of participant interactions taking place through digital channels. TSP Mobile app downloads increased nine percent year-over-year, and mobile app logins increased 84 percent year-over-year. Turning to loan handling, Mr. Davies stated that the number of loans processed increased by three percent. Participant satisfaction with loan handling through the web and mobile channels was 98 percent in 2025.

Mr. Davies then reviewed the results of improvements made to the TSP's virtual assistant, AVA, on the public side of tsp.gov. He reported that participant satisfaction with this instance of AVA increased by five percentage points. Mr. Davies reported a 56 percent decrease in the average number of exchanges per virtual assistant interaction, indicating improved accuracy and responsiveness in addressing participant questions. He also reported a two percent decrease in the percentage of virtual assistant interactions that were escalated to live agents.

Mr. Davies then reviewed the application of artificial intelligence (AI) capabilities across multiple participant service channels. First, he highlighted the implementation of an AI-enabled interactive voice response system, under which an AI agent serves as the initial point of contact for inbound calls. He stated that this functionality allows participants to describe their needs verbally rather than navigating traditional menu options. Next, he reported the implementation of AI-supported case tagging. This capability allows the recordkeeper to more accurately identify the reasons participants contact the TSP and supports more targeted service improvements. He then reported that call summarization and call transcription are handled using AI, and that AI tools are used to assist with quality assurance reviews across all calls, supplementing human review and enabling comprehensive monitoring of call quality.

Mr. Davies next discussed AFS's performance during the October through November 2025 government shutdown. He reported that AFS observed increased digital activity, including a 30.5 percent increase in account logins compared to the same period in the prior year. He also reported increased transaction volumes, noting that hardship withdrawal initiations increased by 77.5 percent and that loan initiations increased by nearly 50 percent during the shutdown period. Mr. Davies stated that despite the increased demand, AFS was able to support participant access and transaction processing, and that participant satisfaction remained at 94 percent throughout the shutdown.

Mr. Davies then reviewed Converge program highlights in 2025, identifying six key areas of focus, including added AI within the call center, new participant engagement channels, improved back-office processes, new security and compliance wins, new retirement readiness tools, and Roth in-plan conversion. He reiterated that AI tools now support 100 percent of call quality assurance reviews and highlighted the use of case tagging, noting that it enables more detailed analysis of participant needs and service trends. Mr. Davies also discussed new participant

engagement channels, reporting that both the interactive voice response system and the public-facing virtual assistant now support conversational, AI-enabled interactions. He further reported on the expansion of proactive SMS text messages and email notifications to provide participants with greater visibility into the status of certain payments and payment reissues. Turning to recordkeeping back-office operations, Mr. Davies reported that AFS enhanced the automated payment reissue process to improve efficiency, effectiveness, and timeliness. He also highlighted authentication enhancements for legal representative accounts, enabling improved access while maintaining appropriate security controls. Mr. Davies next highlighted security and compliance achievements, reporting that the Converge program received all “5” ratings on its Federal Information System Modernization Act (FISMA) assessment, demonstrating a strong security posture. He further reported that the Converge program achieved full compliance with Section 603 of the SECURE Act 2.0 and delivered all SECURE 2.0 management provisions on time.

Finally, Mr. Davies discussed ongoing and upcoming initiatives, including support for new retirement tools such as the Roth in-plan calculator and the Roth in-plan conversion option, continued cybersecurity enhancements related to multi-factor authentication and zero-trust principles, and efforts to streamline death benefit processing to make the experience faster and simpler for participants and beneficiaries.

6. Annual Expense Ratio Review.

Mr. Williams presented the annual review of TSP administrative expenses for 2025. See “2025 TSP Annual Review of Administrative Expenses” (attached). Average net assets are up from the prior year, largely due to the strong market performance in 2025. The I Fund had a rate of return of 32 percent, and the C Fund had a rate of return of 18 percent.

In 2025, gross administrative expenses were 432 million dollars and net administrative expenses were 341 million dollars. The net expense ratio charged to participants in 2025 was 3.4 basis points, or 34 cents for every 1,000 dollars invested, down from 3.6 basis points in 2024.

7. Internal Audit Update.

Ms. Barbara Holmes, Chief Audit Executive, provided an internal audit update. See “Internal Audit Update” (attached). First, she presented the completed 2025 Internal Audit Plan, stating that all audits planned for 2025 were completed and reported. She reported the completion of the vendor risk management audit, which assessed the implementation of third-party risk management and vendor monitoring by program offices. No notices of findings and recommendations (NFRs) were issued.

Next, Ms. Holmes summarized the completed training and development audit, which focused on training initiatives and employee compliance with annual training requirements. One NFR was issued that was risk-rated low.

Ms. Holmes then reviewed the Converge surveillance audit, which assessed governance and the effectiveness of surveillance tools and the Office of Participant Experience's oversight of AFS and the Converge contract. No NFRs were issued.

Ms. Holmes next discussed the strategic plan monitoring audit, which evaluated the Agency's strategic monitoring processes, including alignment between strategic goals, objectives, performance indicators, and the timeliness of performance data. She reported that no NFRs were issued, but three recommendations were provided in the "other matters" section of the audit report.

Ms. Holmes then presented the tentative 2026 Internal Audit Plan, which was vetted by senior management, and the tentative 2027 Internal Audit Plan, noting that additional audits may be added during the year and that the plan will be assessed on an ongoing basis with notification to the Board of any changes.

Chair Gerber entertained a motion to approve the 2026 Internal Audit Plan. The following motion was made, seconded, and adopted without objection:

MOTION: That the proposed 2026 Internal Audit Plan as presented to the Board on January 27, 2026, be approved.

Ms. Holmes next turned to the status of internal audit findings, noting that 11 of the open audit findings will be addressed in the 2026 internal audit cycle. Lastly, Ms. Holmes mentioned her team's other activities, reporting that the Agency is currently in the acquisition process for the 2026 Internal Audit Plan and the 2026 FISMA audit. She also reported that her team recently updated the Internal Audit Strategic Plan and internal audit policies and procedures. Ms. Holmes concluded by noting that she recently met with representatives from EBSA and KPMG to discuss upcoming audits and audit timing to gain efficiencies and avoid duplication of effort.

8. Full Withdrawal Exit Survey Update.

Mr. Deo introduced the agenda item and announced that Mr. Brandt will be retiring at the end of February following a long career in federal service. He also introduced Ms. Brittany Borg as the new Director of the Office of Planning and Risk.

Mr. Brandt then presented the Full Withdrawal Exit Survey results. See "Full Withdrawal Exit Survey Results" (attached). The Agency administered the survey throughout calendar year 2025 to participants who took a full withdrawal and had an email on file. He stated that the survey reached approximately 90 percent of participants who exited the Plan and achieved an approximate overall response rate of 5.7 percent. Mr. Brandt pointed to the volume of responses and the consistency of the results from month to month as indications of the survey data's reliability.

Mr. Brandt then discussed the results of the survey. Overall, 89 percent of the respondents were extremely satisfied or satisfied with the TSP. He noted that this

satisfaction level mirrors results from the Agency's biennial Participant Survey and remains consistent even among participants who choose to exit the Plan. The survey also captured how respondents received their full distributions. Rolling over to a traditional Individual Retirement Account (IRA) and receiving cash payments were the most reported transactions. About 16 percent of respondents reported rolling over funds to a Roth IRA, while relatively few reported transferring funds to another employer-sponsored retirement plan. Both active-duty and reserve BRS respondents were more likely to report taking cash distributions than other groups. Service members across all categories were also more likely to report transferring to a Roth IRA.

The survey also examined the primary reason respondents took cash withdrawals. Mr. Brandt reported that paying living expenses and paying down debt were the most common uses for cash distributions. However, about seven percent of survey participants who took cash withdrawals did so because they believed they had to withdraw their funds when separating. Mr. Brandt noted this percentage is lower in some groups than in the prior year, reflecting the Agency's increased communications clarifying that participants may keep their TSP accounts after separation, though he stated that additional messaging opportunities remain. The survey then broke down primary reasons for taking cash withdrawals by career stage and retirement group. The non-BRS active-duty and non-BRS reserve participants were most likely to use cash withdrawals for mortgage payments or home repairs. Across all service member categories, respondents were more likely to report using cash distributions to pay down debt. He again noted that misunderstandings regarding withdrawal requirements were more common among early and mid-career participants.

Next, for those participants who reported transferring their money, the survey assessed the primary reason for those transfers. Mr. Brandt reported that many of these participants transferred to consolidate retirement accounts. The next most common reasons for transferring were recommendations from advisors, wanting more investment options, and desires for personalized advisory services. Very few respondents cited dissatisfaction with the TSP as a reason for transferring out of the TSP. Mr. Brandt noted that among respondents who transferred funds to consolidate accounts, approximately half reported that the action was recommended by a financial advisor. Mr. Brandt also highlighted findings related to personalized advisory services, noting that approximately 11 percent of respondents who transferred funds cited interest in such services, particularly among Federal Employees' Retirement System (FERS) participants and late-career respondents.

Lastly, the survey included one open-ended question asking respondents what they would change about the TSP. Mr. Brandt reported that the most common response was that respondents would not change anything about the TSP. Other comments included requests for additional investment options or higher returns. Mr. Brandt also noted that a small number of respondents expressed interest in the ability to return to the TSP after exiting. Mr. Brandt concluded that the survey results indicate continued high satisfaction among participants, including those who exit the Plan, and do not raise any immediate concerns. He noted that the findings help identify

opportunities to reinforce participant messaging and improve understanding of TSP benefits over a participant's lifetime.

On behalf of the Board, Chair Gerber congratulated Mr. Brandt on his upcoming retirement and thanked him for his years of service. Board members expressed their appreciation for his contributions to the TSP.

9. Office of Planning and Risk Annual Report.

Mr. Brandt presented the Office of Planning and Risk (OPR) Annual Report. See "Office of Planning and Risk Report" (attached). He reviewed the organizational structure of OPR, noting that the office is led by the Director and Chief Risk Officer, supported by a Deputy Director, and is comprised of three primary divisions: Strategy and Execution, Business Intelligence, and Enterprise Risk and Internal Controls. He also noted that OPR includes a change management capability and social science expertise that support efforts across the Agency.

Mr. Brandt discussed the Strategy and Execution Division, which is nearing completion of the Agency's current strategic plan and working to finalize the next one, in addition to developing the Fiscal Year Plan. The Division also includes the Agency's project management function.

He then turned to the Business Intelligence Division, whose head serves as the Agency's Chief Data Officer and Chief Artificial Intelligence Officer. The division develops Agency data dashboards and insights, supports Agency performance measurement through metrics collection and reporting, administers key surveys, and oversees the Benchmarking and Industry Insights Program.

Mr. Brandt next discussed the Enterprise Risk and Internal Controls Division, which conducts many key activities related to both enterprise risk management and internal controls. Highlights include risk assessments and treatment plans, third-party risk management, anti-fraud, internal control evaluations, key vendor system and organizational controls (SOC) report review, and Agency policies and procedures maintenance.

After further discussing the work of the change management and social science programs, Mr. Brandt then reviewed two special initiatives undertaken by OPR during the past year. First, he discussed the Agency's use of the Baldrige Framework for Performance Excellence, a nationally recognized framework used across public and private sectors to assess organizational performance and effectiveness. He reported that FRTIB completed a Baldrige discovery self-assessment in February 2025, which included a comprehensive review of leadership practices, strategic planning, customer focus, workforce practices, and operations. A team of Baldrige-trained examiners reviewed the self-assessment and provided a feedback report identifying organizational strengths and opportunities for improvement, which the Agency referenced when developing its next strategic plan.

Mr. Brandt next discussed results from the Organizational Health Index (OHI) assessment, which was administered to the Agency workforce to evaluate the extent to which recognized organizational practices are implemented and observed across the Agency. He reported that the assessment achieved an 83 percent response rate, providing a strong basis for reliable results. Mr. Brandt reported that the assessment placed FRTIB in the top quartile overall relative to benchmarked organizations included in the index database. He highlighted particularly strong results in external orientation, which measures the extent to which the organization focuses on participants, customers, and stakeholders, noting that FRTIB ranked in the top decile in that area. He further reported that benchmarking comparisons showed FRTIB performing at or above peer organizations, with no areas identified where performance was significantly weaker.

10. Adjourn.

On a vote taken by the Chair, the members closed the meeting at 11:24 a.m. for executive session.

At 12:34 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 Chair Gerber adjourned the meeting at 12:34 p.m.

MOTION: That this meeting be adjourned.

Dharmesh Vashee
General Counsel and Secretary

Attachments

1. [Participant Activity Report January 2026](#)
2. [December 2025 Investment Program Review](#)
3. [FY2026 1st Quarter Budget Review](#)
4. [Quarterly External Audit and Remediation Status January 2026](#)
5. [Roth In-Plan Conversion Update](#)
6. [Converge Program Update January 2026](#)
7. [2025 TSP Annual Review of Administrative Expenses](#)

8. Internal Audit Update
9. Full Withdrawal Exit Survey Results
10. Office of Planning and Risk Services Report