

# ■ FRTIB

# Legislative History

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**Thrift Savings Plan**

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD  
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# FRTIB Structure - Intended to Shield Fund from External Pressure

- The Agency's legislative history is rich with examples of Congress' focus on ensuring funds in the Thrift Savings Plan would not be tampered with for political purposes or to achieve objectives external to the Plan.

## **Excerpt - Congress emphasized that TSP accounts are private, not Federal, property**

- “The money (in the Thrift Savings Fund), in essence, is held in trust for the employee and managed and invested on the employee’s behalf until the employee is eligible to receive it. This arrangement confers upon the employee property and other legal rights to the contributions and their earnings. Whether the money is invested in Government or private securities is immaterial with respect to employee ownership. The employee owns it and it cannot be tampered with by any entity including Congress.”

Sen. Rep. 99-166, “Federal Employees’ Retirement System Act of 1986,” as reprinted in 1986 U.S.C.C.A.N. 1405, 1520.



## **Excerpt – Congress was concerned size of fund could invite pressure**

- “Concerns over the specter of political involvement in the Thrift Plan management seem to focus on two distinct issues. One, the Board composed of Presidential employees, could be susceptible to pressure from the administration. Two, the Congress might be tempted to use the large pool of thrift money for political purposes.”

Sen. Rep. 99-166, “Federal Employees’ Retirement System Act of 1986,” as reprinted in 1986 U.S.C.C.A.N. 1405, 1520.



# Congress' concerns resulted in FRTIB Design

- The FRTIB is self-funded and its budget approved by the Board
- The TSP's investment structure is passive and required by statute to replicate commonly recognized indices
- Funds in individual TSP accounts can be levied in limited and specific circumstances
- The Employee Thrift Advisory Council “shall advise the Board and Executive Director on matters relating to investment policies”
- Board's fiduciary duties mirror those required of similarly situated fiduciaries – including a duty of loyalty
  - “The members of the Board shall discharge their responsibilities solely in the interest of [the TSP's] participants and beneficiaries.” 5 U.S.C. § 8472 (h)

