



MINUTES OF THE MEETING OF THE EMPLOYEE THRIFT ADVISORY COUNCIL

October 20, 2023

Althea Sprosta, Federally Employed Women, Vice Chair of the Employee Thrift Advisory Council (ETAC), convened a meeting of the Council members on October 20, 2023, at 10:00 a.m., Eastern Daylight Time. The meeting was held at the Board's offices at 77 K Street, NE and was open to the public via teleconference. In attendance were Craig Carter, Federal Managers Association, ETAC member; Kori Blalock Keller, National Association of Letter Carriers, ETAC member; John Hatton representing Kathryn Hensley, National Active and Retired Federal Employees Association, ETAC member; Bob Levi representing Chuck Mulidore, National Association of Postal Supervisors, ETAC member; Paul Swartz, representing Tommy Turner, National Rural Letter Carriers' Association, ETAC member; Ron Garner, Uniformed Services, ETAC member; Michael Macho, American Postal Workers Union, ETAC member via videoconference; Dave Stamey, National Federal of Federal Employees, ETAC member via videoconference; Matt Sowards, National Treasury Employees Union, ETAC member via videoconference; Neil Doherty, Senior Executives Association, ETAC member via videoconference; Ravindra Deo, Executive Director; Kimberly A. Weaver, Director, Office of External Affairs; James Courtney, Director, Office of Participant Experience; Trevor Williams, Chief Financial Officer; Gisile Goethe, Director, Office of Resource Management; Dharmesh Vashee, General Counsel; and Sean McCaffrey, Chief Investment Officer.

Welcome.

Vice Chair Sprosta called to order the meeting of Employee Thrift Advisory Council (ETAC or Council) at 10:06 a.m. and welcomed everyone to the meeting.

1. Approval of the Minutes of the May 23, 2023, ETAC Meeting Minutes.

Vice Chair Sprosta entertained a motion for approval of the minutes of the May 23, 2023, Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting held on May 23, 2023, be approved.

2. September 2023 Investment Program

Mr. McCaffrey reported on the monthly fund performance relative to benchmarks for the Thrift Savings Plan's (TSP) two investment managers, Blackrock, and State Street. For the month of September, Blackrock's performance for the F, C, and S Funds was in line with the performance of the fixed income, large cap, and small-mid cap

indices, respectively. Performance for the I Fund fell behind by 12 basis points, primarily due to fair value pricing.

For State Street in September, performance for the C and S Funds matched the indices. I Fund performance exceeded the international index primarily due to tax advantages. He noted that markets were unfavorable to investors in September. The C and S Funds posted minor losses. The I Fund also finished lower, hampered in part by a stronger U.S. dollar. The increase in interest rates contributed to the F Fund's loss, and all L funds finished lower.

3. Participant Report

Mr. Courtney provided an update on features now available to participants through MyAccount. Participants can now start, stop, or change installment payments in their TSP MyAccount. Participants will also be able to check the status of their loan applications online by clicking the "Track My Status - Loans" link. He noted these features are intended to improve participant experience and are responsive to participant feedback. Mr. Garner asked about the FRTIB's plans to implement any of the voluntary provisions of SECURE 2.0. Mr. Courtney informed him that the Agency was reviewing the voluntary provisions and discussing them with the TSP recordkeeper but that no decisions had been made. Mr. Courtney also noted that, in some cases, additional guidance from the IRS would be needed. Mr. Hatton noted that that roll-ins to the TSP had increased and asked if the Agency knew why. Mr. Courtney shared that the TSP routinely sends out communications to participants informing them of the benefits of consolidating their retirement investments in one plan, and of the low costs of the TSP.

4. FY 2024 FRTIB Budget

Mr. Williams presented the FRTIB Fiscal Year (FY) 2024 budget. In FY 2023, the Board approved a budget of \$481.4 million dollars, majority of which being allocated for the record keeping system. In FY 2023 we executed 77 percent of our Board-approved budget. The FRTIB strives to spend participant money wisely, as the Agency only charges participants the amount spent. For FY 2024, the Board approved a budget of \$476.1 million dollars with the bulk of the budget allocated for record keeping. 2024's budget is a 1.1 percent decrease from the FY 2023 budget. The FY 2025 budget is projected to just be a slight increase of 0.7%, but still less than FY 2023. Mr. Garner asked what percentage of the fund growth for the year was represented by the executed budget. Mr. Deo responded that the fund information is calculated on a calendar year basis and would be reported to the Board in January 2024 and shared with ETAC at that time.

5. FY 2023 FISMA Results

Mr. Deo gave a briefing on the FY 2023 FISMA results. Mr. Deo noted that the scoring framework for FISMA changes frequently in response to evolving cybersecurity threats. The results of the FY2023 FISMA audit yielded three domains at "five" and the remaining six domains at "four". The FISMA rating scale ranges from one to five. FRTIB's 2023 FISMA rating is "effective overall" which is the highest rating possible. Mr. Deo said

that the Agency will continue to focus heavily on cybersecurity to ensure that TSP is highly effective in protecting participants' data.


6. Legislative Update

Ms. Weaver delivered a legislative update and noted the continuing vacancy of the office of the Speaker of the House of Representatives. She noted the importance of this situation because the funding for the government runs out on November 16, 2023. She did emphasize that the FRTIB will not be affected by any lapse of appropriations. She also highlighted, a bill was introduced by Rep. Gabe Vasquez (D-NM) on September 21, 2023, that would allow employees of tribally controlled schools to receive a pension under FERS, and to participate in the TSP. FRTIB has no objections to the bill; it appears to cover about 10,000 individuals. The biggest issue the TSP likely would face would be implementing data transfers from the schools. Mr. Hatton raised the issue of offering Roth in-plan conversion at the TSP. Mr. Garner and Mr. Levi asked regarding the cost of implementing this option. Mr. Deo responded that this issue is complex and would have to be studied closely. Ms. Sprosta asked whether the Agency had any information about how many participants would be likely to make a conversion. Ms. Weaver responded that a higher percentage of participants had indicated interest in making a conversion, but that the percentage was much greater than the number of participants who actually take such action, according to a 2022 Vanguard report. Mr. Hatton then asked whether participants could hold their Roth TSP money and their traditional TSP money in different investment funds; Mr. Deo said that was not possible at the current time.

7. Adjourn.

Whereupon there being no further business, the following motion was made, seconded, and adopted without objection and Acting Chair Sprosta adjourned the meeting at 10:58 a.m.

MOTION: That this meeting be adjourned.

A handwritten signature in black ink, appearing to read 'Althea Sprosta', is written over a horizontal line.

Althea Sprosta
Vice Chair
Employee Thrift Advisory Council

