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2011 TSP Survey Results

Federal Retirement Thrift Investment Board

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Executive Summary

The Federal Retirement Thrift Investment Board (FRTIB) contracted with Aon Hewitt, an independent consultancy, in a survey of Federal employees and uniformed services members with regard to their perspectives, attitudes, understanding, satisfaction, and behaviors related to the Thrift Savings Plan (TSP). The survey was designed as a follow up to prior studies conducted in 2006/2007 and again in 2008, as well as incorporating new areas of focus and research. The survey was conducted in September and October, 2011 through a paper-based mailing to the homes of a random sample of 55,055 active and separated Federal employees and uniformed service members who have participated in the TSP. Those invited have the option of completing the survey on paper or on-line via the Internet. Of those sampled, 8,246 responded achieving a 15% response rate (similar to 2008) and representing a good cross-section of the sample.

Key findings of the survey include:

- Tax benefits, payroll deduction convenience and matching contributions continue to be the primary reasons for contributing to the TSP, while hardship withdrawal status and perceived ability to contribute (affordability) are cited as primary reasons for not contributing currently. Over one-quarter (28%) expect to increase their TSP contributions over the next twelve months, over one-tenth (11%) expect to start or restart contributions, while less than one-tenth intended to stop (4%) or reduce TSP contributions (3%) during the same time period.
- Overall, Federal employees and uniformed services participants are quite satisfied with the TSP, its competitiveness compared to similar private sector plans, its ease of use, its safety and security, the related website, and its design features. Over four-fifths (86%) of respondents are satisfied, an increase of 5 percentage points over 2008 levels. Over nine-tenths (92%) rate the TSP as competitive or better, compared to other employers' savings plans, significantly higher than private sector ratings in this regard (63%)¹.
- Those who use the TSP website (82% of respondents) have very favorable views on the information provided, availability, ease of use, responsiveness, and its time saving benefit. Many respondents access TSP communication on line both from home and from work, and prefer a mix of electronic and postal mail for communication.
- Many of the respondents (78%) plan to continue to work for the Federal Government or uniformed services until eligible to retire. Even those planning to leave before retirement eligibility are likely to leave some or all of their money in the TSP account.
- Median savings rates for respondents is approximately 10.0%, unchanged from 2008 and higher than typical private sector savings plan contributions of 7.3%², indicating a strong level of engagement with the TSP. Likely in response to growing concern with the economy and more recent declines in the investment markets, self-reported investment approaches for respondents have become somewhat more conservative with more respondents identifying themselves as somewhat or very cautious. Just under three-fifths (59%) say they are comfortable choosing the appropriate investment funds to meet their savings goals.

¹ Source: 2010 Aon Hewitt Benefits Perception Index Database of 169,912 respondents from 53 organizations.

² Source: Aon Hewitt Survey "Navigating the Path to Retirement: 2011 Universe Benchmarks," data as of December 31, 2010

The results of this survey reaffirm the importance participants place on the TSP in their retirement planning and goals. As expected, though difficult to determine, the effects of market and economic uncertainty have likely played some role in how participants behave within the plan as well as how they perceive it. Results for those who were automatically enrolled were very positive, and this group also had slightly higher average savings rates, indicating this feature is contributing towards helping this group prepare for retirement. A continued focus on increasing participation would be effective given the importance placed on the TSP as a source of retirement income. The primary suggestion to help increase participation from respondents was related to providing or increasing the match component. In addition to these suggestions, Aon Hewitt's industry research has shown that auto-escalation is a way to drive increased contribution levels, especially among younger, less experienced employees. Continuing to provide the highly-satisfying services, information, and guidance tools (via both web site experience and ThriftLine) is also important to maintaining the high level of overall satisfaction with the TSP.



Survey and Methodology

The Federal Retirement Thrift Investment Board (FRTIB) partnered with Aon Hewitt to conduct a survey of participants in the Thrift Savings Plan (TSP). The survey was conducted with a sample of participants from September 20 to October 17, 2011. The survey design builds from earlier surveys conducted in November 2006 and March 2007 (two separate solicitations with combined results) and in November 2008. It is intended to assess participants' contribution and savings behavior, retirement planning efforts, and satisfaction with TSP features, communication, and related services.

Aon Hewitt and the FRTIB collaborated to design the survey content by building from prior survey items, Aon Hewitt's database of survey items, and designing new survey items through an iterative process. Once the preliminary design was crafted, four pre-test focus groups were conducted with 62 Federal employees and uniformed services members to solicit feedback on the survey content and related interpretation. Based on the input, the survey was revised and finalized to contain 53 closed-end response questions and one open-ended comment section in which participants were asked to provide additional comments or suggestions. Several of the closed-end questions also provided an "other: please specify" option to capture additional input as appropriate. Finally, the survey also included thirteen demographic questions to allow analyses by key population subgroups. The final survey content was approved by senior leadership prior to administration and is included as Appendix A to this report.

The original stratified, random sample was 57,776 Federal employees and uniformed services members. Aon Hewitt mailed an announcement postcard to the sample on September 14, 2011 alerting them that the survey would be coming. On September 20, 2011, Aon Hewitt mailed survey packets containing a cover letter, questionnaire, and postage-paid return envelope to the sample to achieve a reliable and representative sample. In the cover letter, potential respondents were given the option and related instructions to complete the survey online as well. There were 2,721 survey packets returned as undeliverable, leaving 55,055 eligible for completion. The sample was sent a reminder postcard on September 26, 2011. A total of 8,246 completed the online or paper survey for a total response rate of 15.0%. This response rate lags the typical range Aon Hewitt generally obtains from similar surveys in the private sector (typically 25%–35%). It should be noted that this benchmark is for on-line survey administration via email invitation for the most part, which may account for some of the difference. Of those responding, 6,436 (78%) completed the survey on paper and 1,810 (22%) completed the survey on-line. The table below outlines the response summary over the three administration periods.

	Mailed*	Responding	Adjusted Response Rate	Online %	Paper %
November 2006/March 2007	26,852	5,053	18.8%	N/A	N/A
November 2008	34,250	4,891	14.3%	32%	68%
October 2011	55,055	8,246	15.0%	22%	78%

**Not including undeliverable*



In analyzing the survey items, the margin of error will vary based on the number of respondents answering that item and the related variance of those responses. Using a 95% confidence interval, the following margins of error would apply for the overall population and each retirement system.

Overall Survey: Margin of error = 1.0%

Civil Service Retirement System (CSRS) = 1.6%

Federal Employees' Retirement Survey (FERS) = 1.7%

Uniformed Services (Active Duty and Reserves) = 1.9%

Profile of Respondents

The profile of respondents represents a very good cross-section of the population. Given the stratification of the sample and different response rates by retirement system, we would expect differences between the profile of respondents and the total population or total sample in some areas, including by retirement system. In fact, CSRS responded at the highest rate (23%), while uniformed services' rate was only 9% as noted below. To understand the potential impact of this difference, the results were weighted by the population proportions in each retirement system, e.g. 12% CSRS, 63% FERS, and 25% Uniformed Services. **The weighted results are not materially different from the unweighted results, so the remainder of this report uses the unweighted results. Unweighted results were also used in prior survey periods.**

Though respondents represent a diverse group, generally respondents are equally split between retirement systems, tend to be on active status, male, caucasian/white, homeowners, with at least some college education and earning a median annual pay of \$69,800.

Profile of Respondents

Retirement System

	Survey Respondents		Response Rate
	#	%	
CSRS	2,773	34%	23%
FERS	2,945	36%	16%
Uniformed Services	2,528	31%	9%

Active/Separated

	Survey Respondents		Response Rate
	#	%	
Active	5,165	63%	12%
Separated	3,081	37%	20%

Gender

	Survey Respondents	
	#	%
Female	3,031	37%
Male	5,044	61%
No response	171	2%

Homeowner Status

	Survey Respondents	
	#	%
Yes	7,110	86%
No	1,014	12%
No response	122	1%

Annual Pay

	Survey Respondents	
	#	%
\$25,000 or less	522	6%
\$25,001–\$40,000	792	10%
\$40,001–\$60,000	1,796	22%
\$60,001–\$80,000	1,490	18%
\$80,001–\$100,000	1,130	14%
\$101,000–\$150,000	1,437	17%
\$151,000 and over	525	6%
No response	554	7%
Approximate Median Annual Pay*	\$69,800	

*Since actual pay levels are not available, the Median Annual Pay is calculated using the mid-point of the salary ranges self-reported on the survey, not including "No response."

Highest Education Level

	Survey Respondents	
	#	%
Some High School	55	1%
High School Graduate	895	11%
Some College	2,128	26%
College Graduate	1,908	23%
Some Advanced/Post-Graduate Education	756	9%
Advanced/Post-Graduate Degree	2,316	28%
No response	188	2%

Race/Ethnicity

	Survey Respondents	
	#	%
African-American/Black	817	11%
Asian or Pacific Islander	438	5%
Native American or Alaskan Native	96	1%
Caucasian/White	6,098	74%
Hispanic/Latin American	361	4%
Multi-racial	153	2%
No response	283	3%

Length of Service

	Survey Respondents	
	#	%
< =2 years	192	2%
>2 to =5 years	448	5%
>5 to =10 years	685	8%
>10 to =15 years	760	9%
>15 to <25 years	1,975	24%
25 years or more	3,459	42%
No response	727	9%
Median Length of Service	24.0 years	

Age

	Survey Respondents	
	#	%
Under 30	349	5%
30–39	792	10%
40–49	1,468	18%
50–59	1,900	23%
60–69	1,775	22%
70 and over	1,813	22%
No response	104	1%
Median Age	57.4 years	

Marital Status

	Survey Respondents	
	#	%
Married with spouse retirement plan	3,283	40%
Married without spouse retirement plan	2,327	28%
Single	1,182	14%
Widowed	400	5%
Divorced	864	10%
No response	190	2%

Survey Context

Given the survey administration timing, we would reasonably expect some impact on responses to retirement expectations and the TSP from the continued uncertainty and concern about the economy, job security, and general financial markets. This was also likely the case in November 2008, the most recent prior survey administration period, when the housing sector turned down significantly and significant declines in the equity market occurred. The table below outlines general economic data for the survey administration periods, illustrating the struggling economic growth and significant rise in unemployment since 2008. It is impossible to determine the magnitude of the impact in the responses both overall or as comparison between the two periods. Comparisons to prior results have been provided where available throughout this report to provide some insight into how perceptions have changed between the periods.

	November 2006	November 2008	October 2011
Consumer Price Index (end-period)	203.1	211.3	227.3
Prior Quarter GDP Growth (% real change)	2.7%	- 0.3%	1.7%
U.S. Recorded Unemployment Rate	4.6%	5.8%	9.0%
Dow Jones Industrial Average	12,280	8,829	12,232

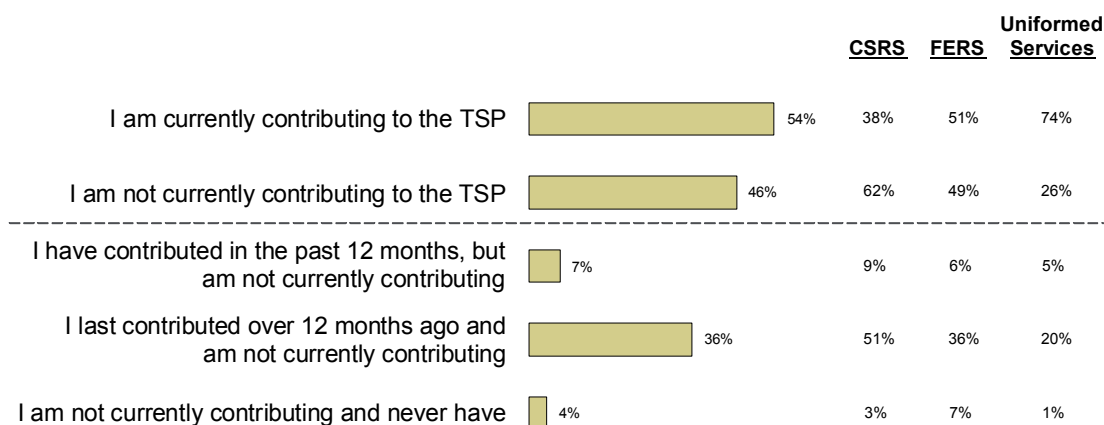
Report Information

Throughout the report, the results for 2011 are shown based to those answering the related question. In some cases the bases are changed to allow for comparisons to prior year results and will be noted as such. In many cases, those who indicated "Don't Know" or "Not Applicable" are also removed from the base for calculating proportional results where noted.

TSP Contributions and Savings Rates

All those eligible for the sample had to have a non-zero balance in their TSP account—through their own contributions, agency contributions, or both. Of the total survey respondents, 4% say they are currently not contributing and never have contributed, while 54% say they are currently contributing. Of those indicating they are not currently contributing (46%), more than three-quarters say their last contribution was over one year ago. Uniformed services respondents are much more likely to say they are contributing (74%) versus others, while CSRS respondents are less likely to be contributing currently at 38%. Among all active respondents, 81% say they are currently contributing to the TSP. This is reasonably consistent with current estimates of 85% for FERS, but different somewhat from actuarial estimates of 66.2% for CSRS and 30.6% for uniformed services.

TSP Contributions*



*Based on all respondents (n=8,246)

Among TSP respondents currently contributing and answering the question related to savings rates, the average savings rate is 11.5% of basic pay, up slightly from 10.3% in 2008. The median savings rate among respondents remains unchanged from 2008 at 10.0%. These rates are higher than typical private sector savings plan contributions of 7.3%³. As in prior surveys, the savings rate results reflected here are self-reported and exclude eligible employees who are not currently contributing to the TSP.

³ Source: Aon Hewitt Survey "Navigating the Path to Retirement: 2011 Universe Benchmarks," data as of December 31, 2010

Savings rates are highest among uniformed services, which average 12.1%. This is especially true for reservists, who average 14.2% compared to active duty at 10.2%. FERS respondents average 11.6% while CSRS average 10.2%. These results are higher than for prior year respondents, especially for CSRS and FERS. The median rate across all retirement systems is 10.0%, except for reservists at 9.0%. This difference would indicate that a significant number of reservists are contributing a very high percentage; in fact, 16% of reservists are contributing 20% or more of basic pay compared to only 9% of other respondents⁴. The average savings rate for those auto-enrolled is slightly higher at 12.1% compared to 11.0% for other.

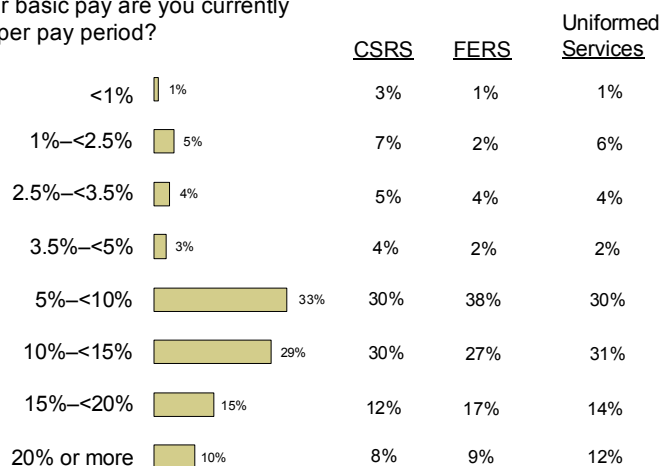
Average TSP Savings Rates by Retirement Systems*

	2006	2008	2011
CSRS	9.1%	9.2%	10.2%
FERS	9.0%	9.2%	11.6%
Uniformed Services	11.9%	11.8%	12.1%

**Includes active employees of the Federal Government who are currently contributing a portion of pay to the TSP (N=3,822). Contribution amounts were derived using self-reported contribution rates at the time of the survey times the mid-point of their annual pay group. Amounts could be over- or under-estimate contributions due to changes over the year and that annual pay is estimated based on participants' survey response.*

Contribution Amount

What percentage of your basic pay are you currently contributing to the TSP per pay period?



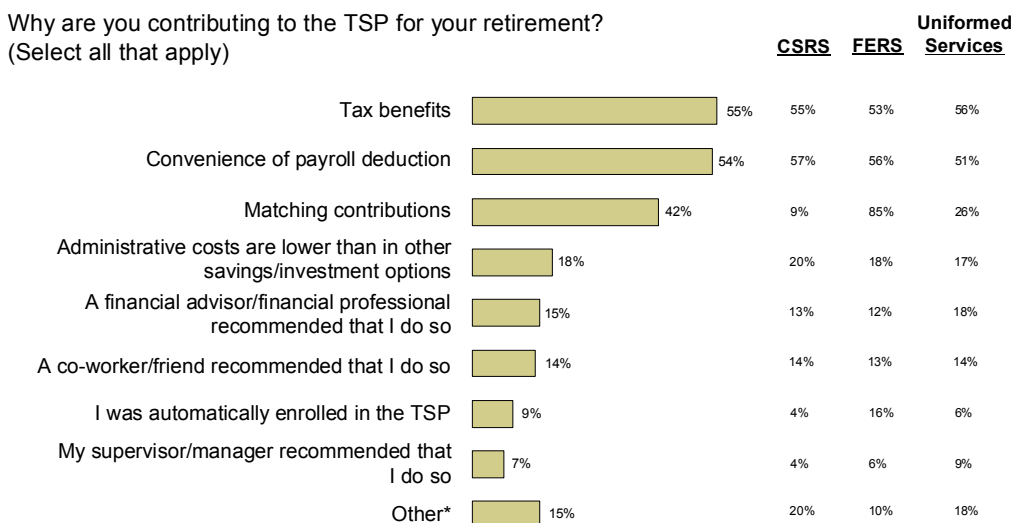
Note: Includes active employees of the Federal Government who are currently contributing a portion of pay to the TSP (N=3,822). Contribution amounts were derived using self-reported contribution rates at the time of the survey times the mid-point of their annual pay group. Amounts could over- or under-estimate contributions due to changes over the year and that annual pay is estimated based on participants' survey response. Percentages do not include the 363 (4%) who did not know their contribution amount.

⁴ In part, this can be attributed to the fact that members of the Uniformed Services may receive tax-exempt contributions which are not limited by IRS rules 402(g). Uniformed services participants may elect to contribute basic pay, incentive pay, or special pay (including bonus pay) to the TSP. They **must** contribute basic pay to be eligible to contribute incentive pay or special pay (including bonus pay). Contributions from all sources of pay are subject to the 402(g) limit, which restricted pre-tax contributions to \$15,500 in 2008. However, if any source of pay is received while the participant is in a combat zone or qualified hazardous duty area, it is received tax-exempt and the 402(g) limit no longer applies. Tax-exempt pay is only subject to the 415(c) limit. FERS and CSRS participants may only contribute from their basic pay, subject to the 402(g).

The top reasons for contributing to the TSP among active employees continues to be the convenience of payroll deduction (55%) and tax benefits (54%), similar to 2008 results. Matching contributions is mentioned as a reason by 85% of FERS respondents as a reason for contributing (this is their top reason and compares to 81% in 2008). (Note: CSRS and uniformed services do not have a matching feature in their plan.) Interestingly, recommendations by friend/coworker (14%) and supervisor/ manager (7%) are at least double the proportion they were in 2008 (with similar tenure and age profiles between the two periods), perhaps indicating greater influence of others more recently.

Reasons are relatively consistent across age groups, though, interestingly, 21% of those under 40 cite co-worker/friend recommendations versus only 12% of others, perhaps indicating the larger influence social networks play for the younger population. Automatic enrollment⁵ was also cited by 19% of those with fewer than two years of service versus 8% for those with longer service. Automatic enrollment was cited by 20% of those earning \$25,000 or less versus 9% for higher pay ranges. Tax benefits and payroll deductions are most often cited by longer-tenure respondents.

Reasons for Contributing to the TSP



Note: Responses based to those who are currently contributing, and do not include the 16 (<1%) who "Do Not Know."

**"Preparing for retirement" was most frequent "Other" response.*

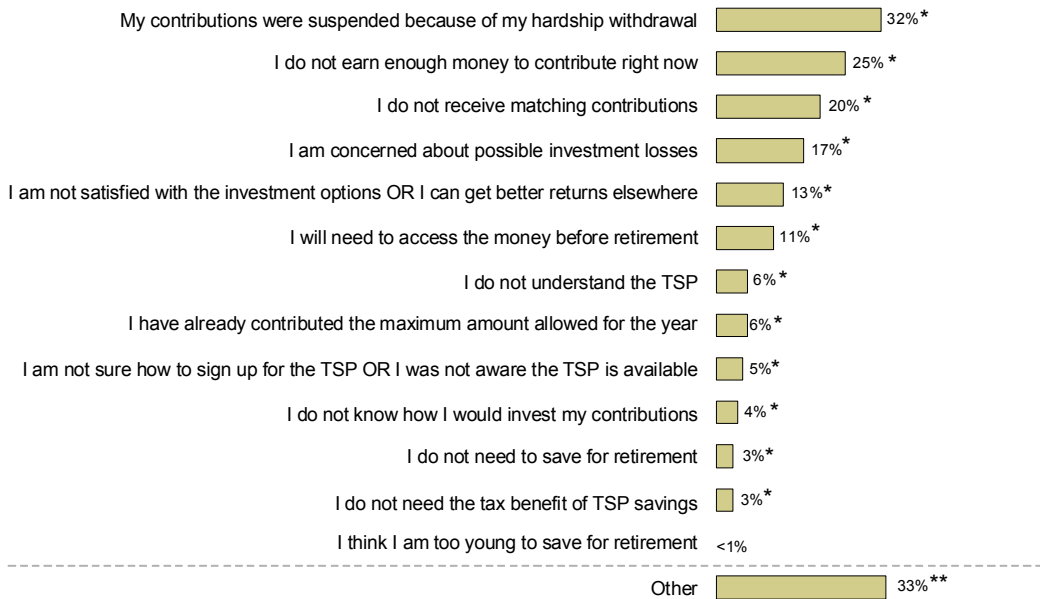
⁵ Auto-enrollment was implemented in 2010.

Among active respondents currently not contributing, the primary reason for not contributing is that contributions are suspended due to hardship withdrawal (32%) or the perception that they cannot afford to (25%). In private sector surveys, 47% of respondents typically indicate affordability as a reason for not contributing to a defined contribution savings plan⁶. These two, along with “concerned about possible investment losses” (17%), could certainly be driven by reactions from recent economic challenges for participants. Lack of matching contributions is indicated by 20% of active, non-contributing respondents as a reason for not participating.

As in prior years, those earning \$25,000 or less annually are more likely to cite affordability, with 45% of this group citing this as a reason.

Reasons for Not Contributing to the TSP

Why are you not contributing to the TSP for your retirement?



*Responses based to those who are not currently contributing and are active status, excluding “Other.”

**Other’s are primarily respondents indicating they are near retirement or already retired.

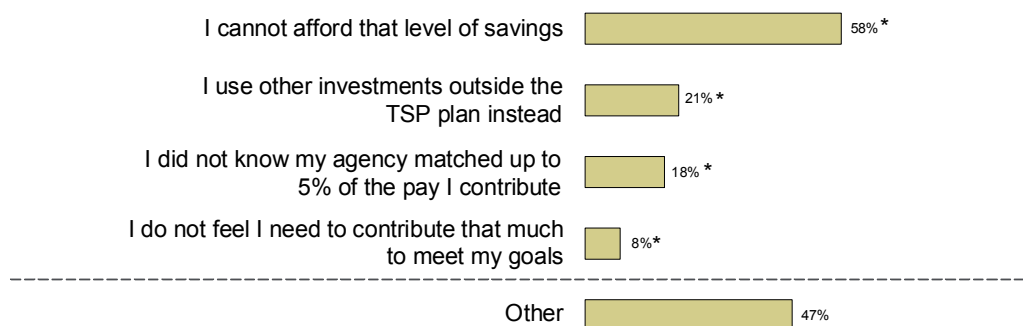
Active FERS respondents were asked about why they are not contributing up to the maximum for matching (dollar-for-dollar on first 3% and 50 cents on the dollar on the next 2%, for matching maximum of 5% of pay). Many respondents (47%) selected “Other”, but very few specified what they meant by other. Removing these “other” respondents, the top reason for not contributing up the match is similar to those not contributing at all, perceived affordability. Half of respondents (58%) say they cannot afford to contribute up to the maximum match level. Unfortunately, 18% indicated that they did not know their agency matched up to

⁶ Source: 2010 Aon Hewitt Benefits Perception Index Database

5% of the pay they contribute. Among active FERS respondents, those indicating they did not know about matching (n=48) tended to be over 50 years of age, but with less than 10 years of service. Finally, 21% say they use other investments outside the TSP instead as a reason for not contributing up to the match. These latter two reasons may indicate a need to continue to communicate and educate FERS employees on the matching benefits, especially newer hires.

Reasons for Not Contributing to the TSP Match Level (FERS)

If you are a FERS (Federal Employees Retirement System) employee, your agency matches your contributions dollar-for-dollar on the first 3% of basic pay you contribute per pay period, and 50 cents on the dollar on the next 2%. If you are not currently contributing at least 5% of your basic pay, please tell us why.



Note: Responses based to FERS employees (not separated) who are not contributing up to the maximum match.

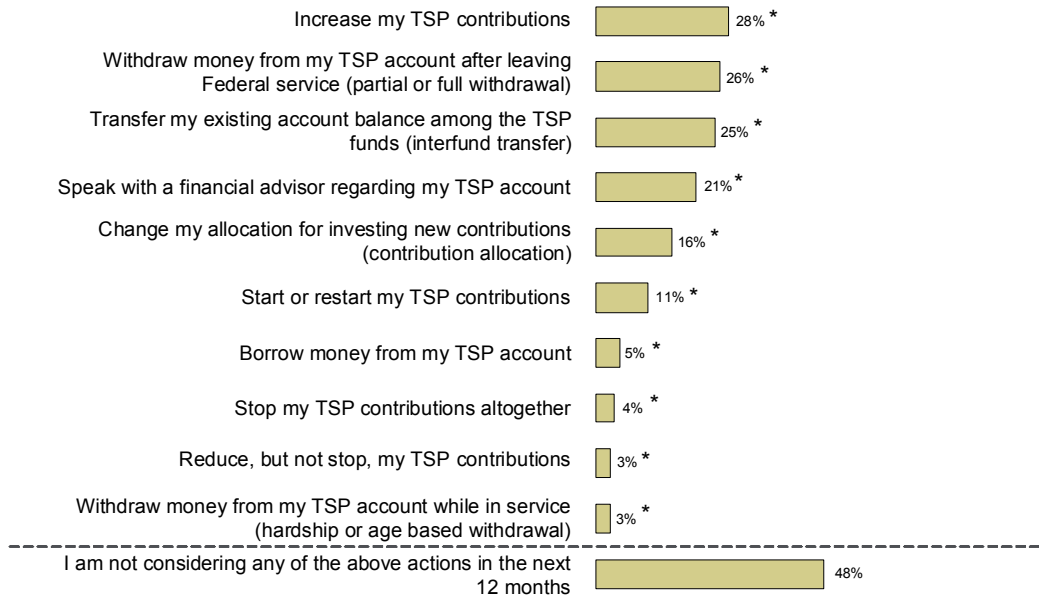
**Figures are based to those responding without "Other."*

As the FRTIB considers plans for the future, respondents were asked what actions they are considering in the next 12 months related to their TSP contributions or investments. Nearly half (48%) are not considering any actions. Among those that are considering actions (52% of respondents), the top actions include increasing TSP contributions (28%), withdrawing money after leaving service (26%), transferring existing balances among funds (25%), or speaking with a financial advisor about TSP account (21%). Given current allocation mixes (see Asset Allocation in the TSP section) and with fewer than 20% of participants using L funds, additional education on transferring existing balances among funds (rebalancing) should be considered.

Intended actions are similar across retirement systems, except uniformed services participants are more likely to indicate they intend to increase TSP contributions (44% for uniformed services vs. 21% for others).

TSP Contribution/Investment Actions

Which of the following actions are you considering taking in the next 12 months regarding your TSP contribution or investments?



*Figures are based on only those considering some action (52% of total respondents)

Overall Satisfaction and Perceived Competitiveness of TSP

Overall satisfaction (those indicating being Satisfied or Very Satisfied) with the TSP is up to 86% from the 81% result in 2008. This is similar to levels seen in 2006. Satisfaction is highest among CSRS (89%) and FERS (87%), while Uniformed Services lags slightly at 82% (84% for U.S.-active and 81% for U.S.-reserve), though still quite positive.

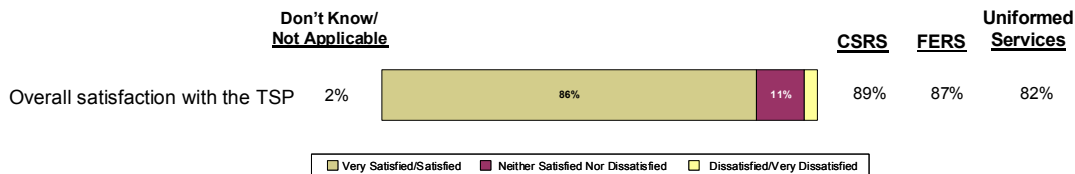
Satisfaction is lowest among those under 30 years of age (76%) or with under 3 years of service (74%). Results are higher among those over 50 (88%), as well as those with over 15 years of service (88%). Not surprisingly, those who contribute to the plan are more likely to be satisfied (86%) compared to those who do not (73%), though even those who do not contribute have a reasonably high satisfaction result. Satisfaction is also somewhat higher for those earning \$100,000 or more annually. Satisfaction among auto-enrolled participants is consistent with overall results at 87%.

"I think the TSP is the finest program going. No complaints from me."
—FERS participant

"Great program for military members. Don't change anything and keep our military retirement system in place."
—Uniformed Services—Active participant

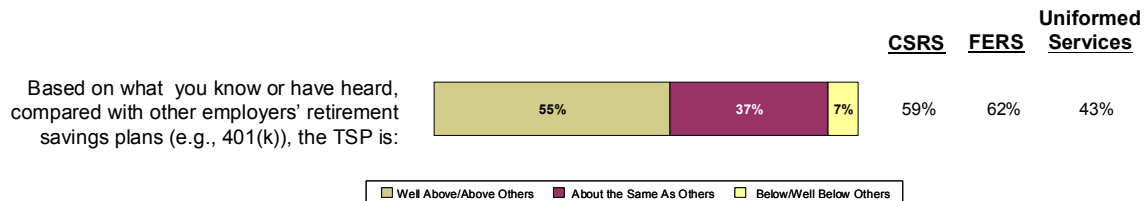
When considering the TSP relative to what respondents know or have heard about other employers' retirement savings plans, again results are positive with 92% saying TSP is the same as or better than others' plans—over half (55%) say TSP is above or well above others. This compares favorably to private sector perceptions of 401(k) programs at 63% (versus 92%) and 41% (versus 55%)⁷ respectively. This result differs significantly by retirement system, with uniformed services being less likely than CSRS or FERS to say the plan is above others (43% of uniformed services say well above or above others).

TSP Overall Satisfaction



Note: Bar chart does not include the employees who indicated "Don't Know/Not Applicable."

TSP Competitiveness



Satisfaction and Competitiveness by Age, Tenure, Race/Ethnicity, and Annual Pay

	Total	Age			Tenure			Race/Ethnicity					Annual Pay		
		<40	40–49	50+	1–2 years	3–15 years	16+ years	African-American	Asian	Caucasian	Hispanic	Multi-Race	< \$40K	\$40–\$80K	\$80K +
Overall satisfaction with the TSP (Very Satisfied/Satisfied)	86%	80%	84%	89%	74%	84%	88%	88%	88%	87%	83%	80%	83%	85%	89%
Perceived competitiveness (Well Above/Above Others)	55%	41%	44%	61%	41%	48%	58%	56%	55%	56%	54%	45%	53%	54%	56 [^]

⁷ Source: 2010 Aon Hewitt Benefits Perception Index Database of 169,912 respondents from 53 organizations.

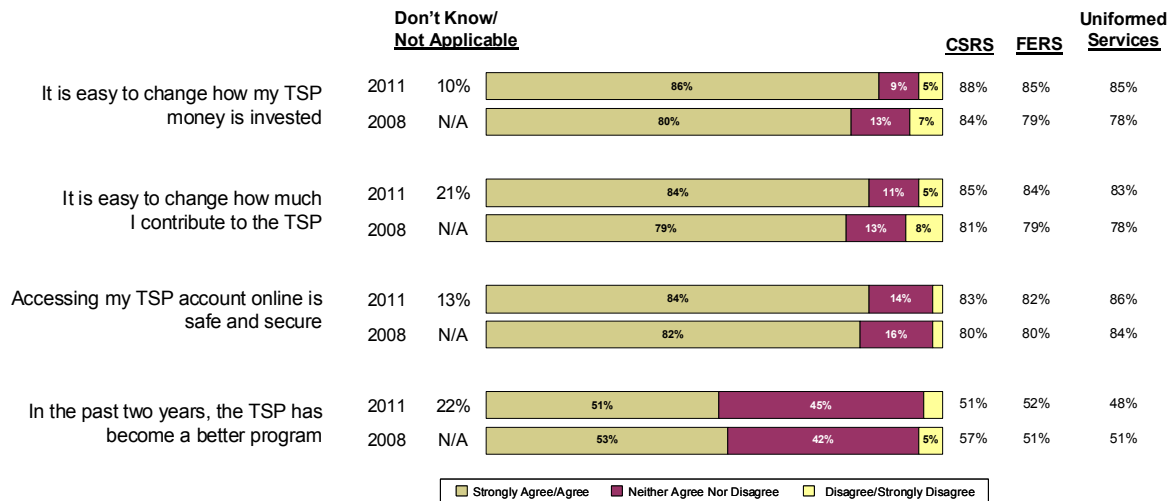
TSP Services Perceptions

Over four-fifths of respondents (among those with experience) say it is easy to change how money is invested (86%) and contribution levels (84%), and that accessing their account online is considered safe and secure (84%)—up from 2008. Similarly, over four-fifths (85%) of respondents who have used the ThriftLine in the past 12 months (25% of total respondents) are satisfied or very satisfied with the quality of service received. This result is up dramatically from 54% in 2008. Results across retirement systems are reasonably consistent.

Given the high overall satisfaction ratings, it is not surprising that half the respondents (50%) also agree or strongly agree that TSP has become a better program in the past two years. This is down slightly from the 53% in 2008, but would be expected as overall satisfaction rises. Another 45% of respondents in 2011 indicated “neither agree nor disagree” to this item likely indicating it has stayed relatively the same over that time period in their opinion.

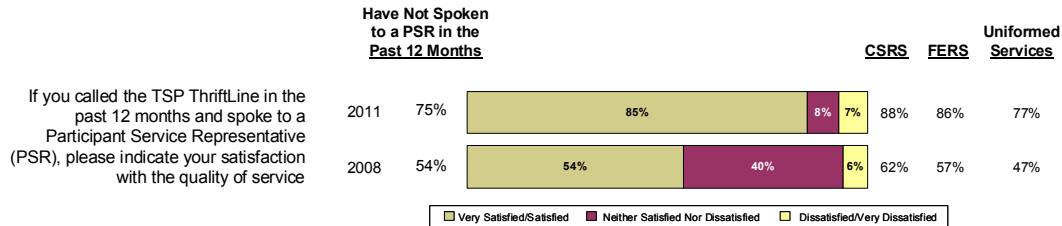
The statistical model used to determine key drivers of overall satisfaction identified “satisfaction with ThriftLine experiences” as a key driver of overall satisfaction for those few (25% of respondents) who called the line. Though only applicable to a quarter of the sample, it suggests that those who did use the line had a positive experience and impacts their overall satisfaction with the plan positively.

Using TSP Benefits



Note: 2011 bar charts do not include the “Don't Know/Not Applicable.”

ThriftLine Satisfaction



Note: 2011 bar chart does not include the "Have Not Spoken to a PSR in the Past 12 Months."
2008 bar chart does not include "No response" or those selecting "Not Applicable" (54%).

Male respondents are slightly more likely to say accessing their account is safe and secure (85% vs. 82% for females) and has become a better program in the past two years (52% vs. 49% for females). Asian/Pacific Islanders are also more likely to say the program has improved over the past two years (64% vs. 51% overall).

Respondents at lower pay levels are somewhat less likely to say it is easy to change contributions, change how money is invested, or that access is safe and secure.

- 74% of those earning under \$25,000 say it is easy to change contributions
- 80% of those earning under \$25,000 and 82% of those earning \$25,000–\$40,000 say it is easy to change how money is invested
- About 80% of those earning under \$60,000 say accessing the account online is safe and secure

Respondents 50 years of age or older are more likely to say the program has improved over the past two years (52% vs. 48% for those under 50 years old) and to express satisfaction with the ThriftLine (87% vs. 78% for those under 50 years old).

Those with under 6 years of service are less likely to say the program has improved over the past two years (38% vs. 50% overall).

TSP Website

Most respondents (approximately 82%) indicate they have used the TSP website and can access some features or characteristics. Among these respondents, over three-quarters agree the website saves them time (77%) and responds quickly (78%) and over four-fifths agree it is easy to use (82%), available when needed (86%), and provides needed information (86%). The results are consistent across retirement systems, though uniformed services is slightly less positive on ease of use, responsiveness, or time savings.

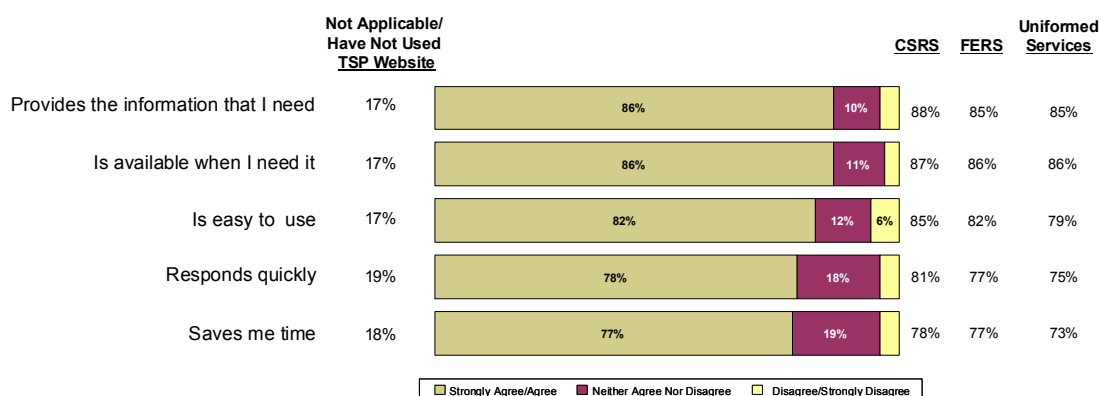
"TSP website explains quite well the different funds, and the calculators are extremely helpful."

—FERS participant

In the 2008 survey, 79% indicated satisfaction (Very Satisfied or Satisfied) with “ability to access information about my account and general plan features on the TSP Website.” Though not asked specifically in 2011, it would likely compare closely to “The TSP website provides the information that I need,” and, as such, would indicate an increase in satisfaction with the website over 2008. Given the enhancements to the site since 2008, this would indicate those enhancements have been favorably received. (See also TSP Design Features section for further prior year comparisons.)

TSP Website

The TSP website...



Note: Bar charts do not include the “Not Applicable/Have Not Used TSP Website.”

Across the website items, respondents under age 40, those with less tenure (under 6 years), and those earning under \$40,000 are less likely to be as positive as others, though favorable responses still tend to be in the 73% or higher range.

TSP Website by Demographics

The TSP website...	Total	Age			Tenure			Annual Pay	
		<40	40–49	50+	1–5 years	6–15 years	16+ years	< \$40K	> \$40K
...Provides the information I need	86%	83%	86%	87%	79%	85%	88%	84%	87%
...Is available when I need it	86%	86%	88%	86%	84%	86%	87%	82%	88%
...Is easy to use	82%	77%	82%	83%	76%	79%	84%	79%	83%
...Responds quickly	78%	74%	78%	79%	72%	76%	80%	73%	79%
...Saves me time	77%	73%	78%	77%	69%	74%	78%	72%	78%

■ Shaded results are significantly different (lower or higher) than other groups in the demographic category.

TSP Design Features

Respondents are generally satisfied with their ability to access information about their account (85%) and the accuracy and timeliness of the form processing (73%)—the latter up from 63% in 2008. Respondents are less satisfied with the amount of matching contributions (63%), though 77% of FERS respondents are satisfied with the amount of matching contributions, likely more reflective of the overall situation. Most respondents are also satisfied with the ability to borrow while actively employed (63%) and withdraw after separation from service in ways that effectively meet needs (59%), though about one-third indicated neither satisfaction nor dissatisfaction with these two characteristics. Across the features, uniformed services is less likely to express satisfaction, especially related to ability to withdraw after separation. This may be an area on which to obtain some qualitative feedback from this group. Note that uniformed services has a 20-year cliff element in its design and this may be contributing to lower perceived satisfaction on this item. In fact, satisfaction with “ability to withdraw...” is higher among those with over 15 years of service (62% satisfied).

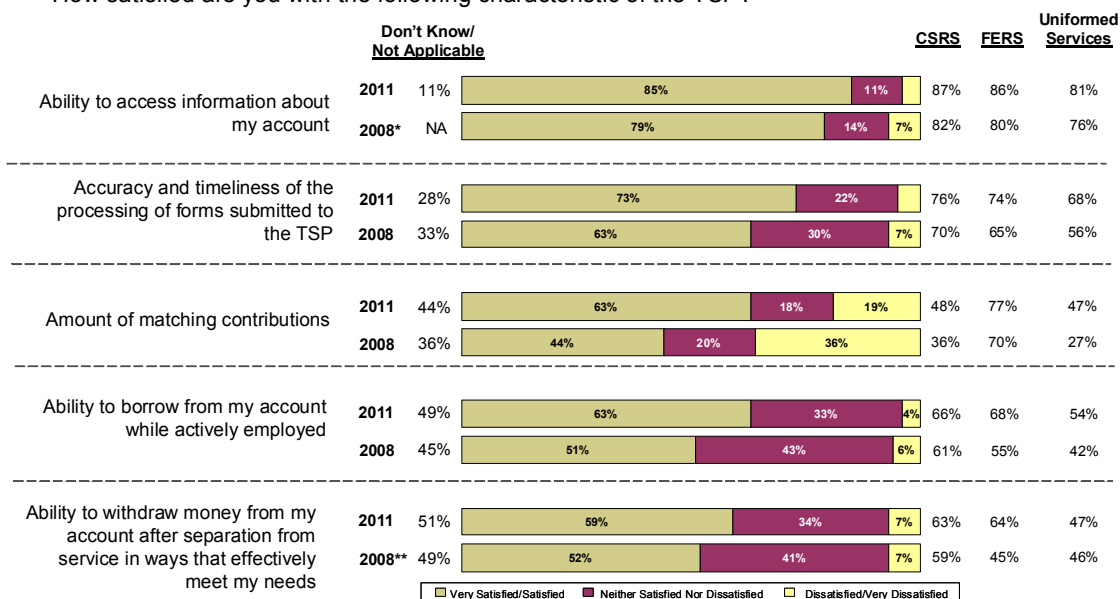
Female respondents are slightly more likely to be satisfied with matching contributions (66% vs. 61% for males), ability to withdraw (67% vs. 61% for males), and accuracy/timeliness of forms processing (75% vs. 71% for males).

African-American/Black respondents are more likely to be satisfied with the ability to borrow (79%), while Caucasian/White respondents are less so (60%).

Respondents earning under \$40,000 are slightly less likely than the overall sample to be satisfied with the ability to access information (81%) and accuracy/timeliness of forms processing (67%).

Satisfaction with TSP Characteristics

How satisfied are you with the following characteristic of the TSP?



Note: Bar charts do not include the “Don’t Know/Not Applicable.”

*2008 question is “Ability to access information about my account and general plan features from the TSP website”

**2008 question is “Ability to withdraw money after separation from service”

Key Drivers of Overall Satisfaction

To help determine what characteristics of the TSP drive overall satisfaction with the plan, a regression-based statistical model is used. This model shows what other questions in the survey (often considered independent variables) have the most impact on overall satisfaction (dependent variable). To conduct this analysis, survey items were combined to create composite measures (e.g., for Ease of Use, the four items in Question 7 were combined) to use as input or independent variables.

The table below shows the specific survey items used in each composite measure for input into the statistical model.

Composite Drivers	Impact on Overall Satisfaction
Q7: Ease of Use	
It is easy to change how my TSP money is invested	0.02
It is easy to change how much I contribute to the TSP	
Accessing my TSP account online is safe and secure	
Q9: Satisfaction with Website	
The TSP website...	0.02
Provides the information I need	
Is easy to use	
Responds quickly	
Saves me time	
Is available when I need it	
Q10: Satisfaction with Features	
Satisfaction with...	0.05
Amount of matching contributions	
Ability to borrow from my account while actively employed	
Ability to withdraw money from my account after separation from service in ways that effectively meet my needs	
Ability to access information about my account	
Accuracy and timeliness of the processing of forms submitted to the TSP	
Q31: Satisfaction with Information	
The information the TSP provides is helpful in explaining the benefits I receive from the plan	0.10
The information available about the TSP helps me make decisions about my TSP account	
The information provided in my annual participant statement is helpful in understanding my TSP account balance and investment performance	
The projected monthly income amount on my annual participant statement helps me estimate how my TSP account balance might provide income when I retire	
OVERALL MODEL	0.48

The above table provides n^2 values, a measure of effect size, for each composite and the overall model. These data provide evidence that the composite variables have good predictive validity for overall satisfaction. Specifically, when all composite variables are included in the model, they account for 48% of the variance in overall satisfaction.

The n^2 values represent the ratio of the variance explained in the dependent variable (overall satisfaction, in this case) by a composite measure while controlling for other composite measures. Therefore, we are able to determine the specific drivers for each criterion. For more detail and for additional model results on drivers of competitiveness and drivers of overall information available to make decisions, see Appendix B.

The results of this analysis show that satisfaction with the information (Q31) has the strongest impact on overall satisfaction. TSP features (Q10) also have a strong positive impact on overall satisfaction. Therefore, focusing improvement efforts in these two areas will have the greatest opportunity to improve overall satisfaction with the TSP.

Question 8, “If you called the TSP ThriftLine in the past 12 months and spoke to a PSR, please indicate your satisfaction with the quality of service,” is also a good predictor of criteria variables. Specifically, 35% of the variance in overall TSP satisfaction is explained by the answer to this question. Although this question was only applicable to about a quarter of the sample, it suggests that those who did call in to the TSP ThriftLine had a positive experience, and that the phone representatives are effectively serving participants who call.

Retirement Income Sources

Respondents generally rank the TSP, Social Security, and available pensions/annuities in the top three sources of income. Not surprisingly, given the retirement system design differences, respondents view sources differently depending on the retirement system they have. Across all three systems, though, the TSP is cited by about half as a top three source making it a critical source overall.

Respondents under 40 years of age are more likely to cite the TSP account as a top three source (62% rank it in top 3). Among the under-40 group, this is the most often cited top-three source. FERS/CSRS annuity and social security are most often mentioned in the top three for those age 50 or older (62% and 49%, respectively), though TSP is third (47%).

TSP importance as a source is consistent across tenure, education, and race/ethnicity. Those earning under \$40,000 are less likely to cite the TSP in the top three compared to those earning more, yet 45% cite it as a top three source. Social security is most often cited in the top three for this group (52%).

Top Sources of Retirement Income

	Ranked Most Important	Ranked in Top 3	Top 3 by System		
			CSRS	FERS	Uniformed Services
FERS/CSRS annuity	37%	51%	83%	52%	15%
Uniformed services (military) pension	19%	29%	5%	15%	72%
Social Security	10%	42%	26%	67%	32%
TSP account	6%	51%	52%	52%	49%
Other employer pension plan	5%	11%	6%	12%	15%
Income from continued work in retirement	4%	17%	18%	13%	19%
Other employer retirement savings account (e.g., 401(k), Roth 401(k))	3%	10%	5%	9%	18%
Mutual funds, stocks, bonds, or brokerage accounts (not tax deferred)	3%	17%	20%	14%	16%
Traditional or Roth IRA	2%	16%	13%	11%	27%
Other personal savings	2%	16%	21%	14%	13%
Home equity	1%	8%	9%	7%	6%
Other employer stock ownership or purchase plan	<1%	1%	<1%	1%	1%

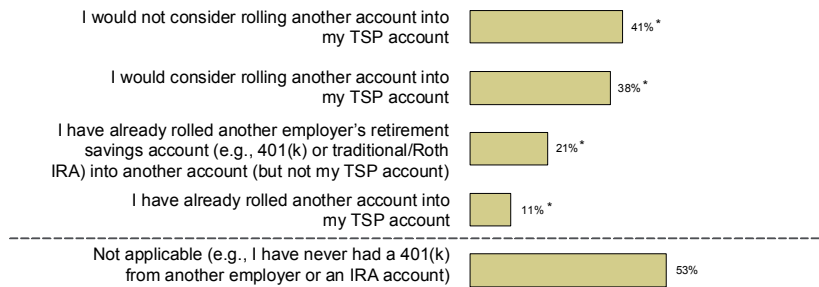
Top Sources

Account Actions and Approach

Respondents with access to another employer’s retirement savings account (e.g., 401k or IRA) and indicating a potential rollover action applies to them are split in terms of their considerations. About 11% have already rolled their other account into TSP, 38% **would** consider rolling it in, and 41% **would not** consider rolling it in. Those viewing the TSP as well above or above other employers’ retirement savings plan are slightly more likely to consider rollovers (21% versus 14% for others).

Actions Regarding Another Employer’s Retirement Account

Which of the following actions have you taken or have considered taking regarding another employer’s retirement savings account (e.g., 401(k) or an IRA)?



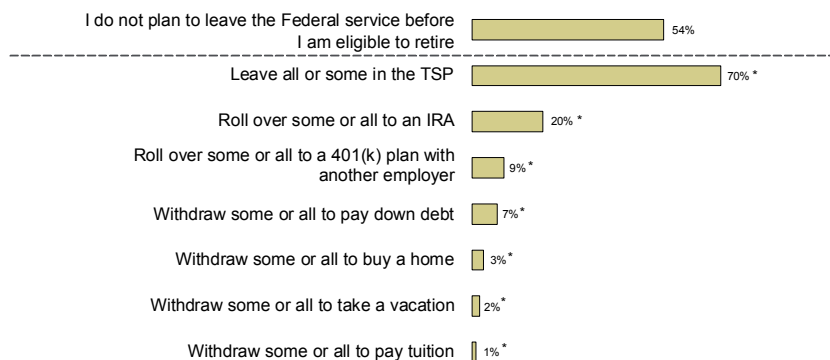
Note: Percentages do not include the 1,360 (16%) employees who indicate they "Do Not Know."
*Percentages among those where action is Applicable (removing "Not Applicable" respondents).

Similar to results for those who may leave Federal employment, most respondents (63%) over age 50 plan to leave money in their TSP account until needed or required to withdraw, another quarter (24%) indicate they would receive monthly payments from the TSP.

Among those who say they may leave Federal employment prior to retirement, the overwhelming majority would plan to leave some or all of their money in their TSP accounts (70%).

Plans for Money in TSP if You Leave Federal Service Before Retirement Eligibility

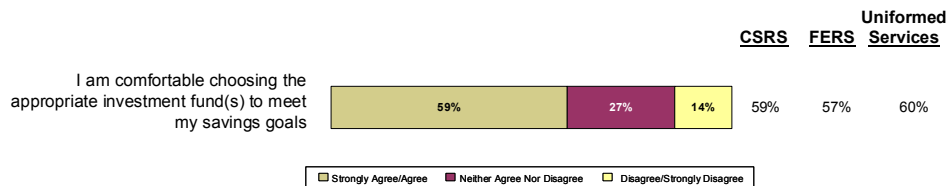
If you plan to leave the Federal Government or the uniformed services before you are eligible to retire, what are you going to do with the money in your TSP account?



Note: Percentages do not include the 824 (10%) employees who indicate they "Do Not Know."
*Percentages do not include those who do not plan to leave employment before retirement.

Nearly three-fifths (59%) of respondents are comfortable choosing investment funds to meet their goals. This result is consistent across retirement systems. Respondents under 40 years of age are slightly less likely to be comfortable choosing investment funds (53%), while those 50 or older are more likely to be confident (60%). A similar pattern exists by tenure, with those with fewer than 6 years of service less likely to be confident (50%) compared to those with over 11 years of service (60%).

Comfortable With Investment Decisions

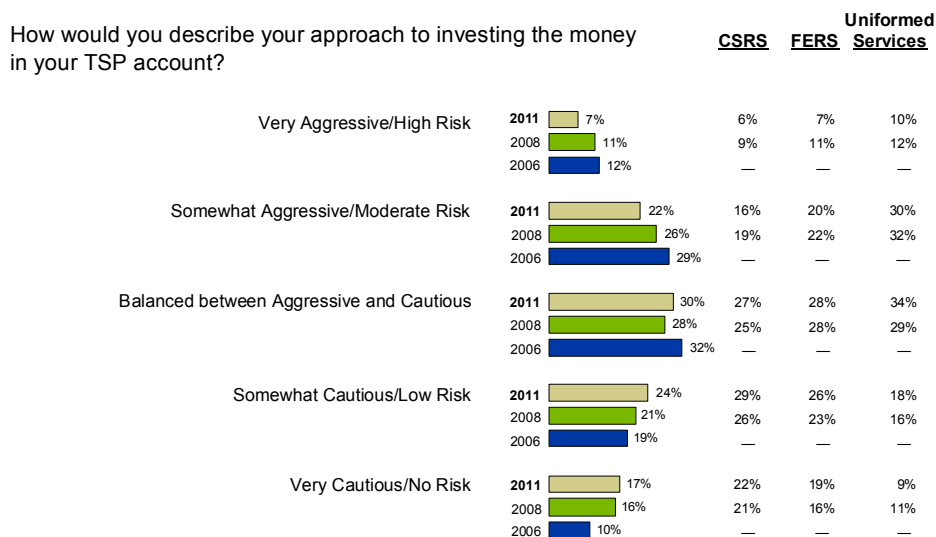


Self described investment approaches appear to have become more cautious over the prior survey administration years with fewer respondents describing their investment approach as very or somewhat aggressive. Similar to past results, uniformed services respondents tend to be the most aggressive, followed by FERS with CSRS respondents being the most cautious relative to others. This result is not unexpected given economic concerns and general market uncertainty.

Not surprisingly, self-reported investment approaches change with age, tenure, and annual pay. Younger, less-tenured, and those earning less are more likely to describe themselves as very or somewhat aggressive (46% of those under age 40 versus 23% of those age 50 or older; 38% of those with under 16 years of service versus 26% of those with 16 or more years; and 23% of those earning under \$60,000 versus 34% of those earning over \$60,000).

African-American/Black respondents are less likely to describe themselves as very or somewhat aggressive in their investment approach (20%) compared to the overall sample (29%).

TSP Money Investment Approach



Note: Percentages do not include the 638 (8%) employees who indicate they "Don't Know/Not Applicable."



When choosing investment funds, respondents ranked economic factors, fund risk level, expected future fund performance, past fund performance and length of time until money is needed as top three most influential. This is consistent across systems.

Younger respondents (under age 40) are more likely than those 50 or older to cite fellow participants/friends/family (14% versus 7% ranked in top three)—similar results for less tenured (1–2 years) compared to more tenured (3 or more years).

Top 3 Factors Influencing TSP Plan Investment Funds

When selecting/changing your TSP plan investment fund(s), rank the Top 3 factors that most influence your decisions.

	Ranked Most Influential	Ranked in Top 3
Economic factors (stock market, inflation, etc.)	23%	44%
Funds' risk level	12%	40%
Expectation of funds' future performance	10%	34%
Length of time until money is needed/my age	12%	33%
Funds' past performance	8%	33%
I am unsure what factors to consider, so I leave funds where they are automatically placed	11%	17%
Information on the TSP website	2%	10%
Professional financial planner	5%	9%
Fellow participants/friends/family	2%	8%
TSP publications	1%	7%
Financial investment publications or websites not provided by TSP	1%	6%
Benefits/Human Resources representative	1%	3%
Other	2%	2%
Reputation of funds manager	<1%	1%

Asset Allocation in the TSP

The fund allocation among respondents is consistent with the sample, indicating the respondent population is a good representation of the population on fund allocation bases.

Total TSP Account Balance by Fund

	G Fund	F Fund	C Fund	S Fund	I Fund	L Income Fund	L 2020 Fund	L 2030 Fund	L 2040 Fund	L 2050 Fund
Respondent Data	45.37%	6.35%	20.59%	8.72%	6.27%	3.33%	4.86%	2.26%	2.05%	0.20%
Sample Data	45.79%	5.86%	21.88%	8.19%	6.25%	2.58%	4.04%	2.57%	2.60%	0.24%

Survey results indicate a strong link between self-reported investment risk approaches and actual investment choices. The percentage in L funds is fairly consistent across risk levels, indicating it has appeal to any perceived risk, except for “No-Risk” respondents.

Risk Response by Percentage of Total TSP Account Balance by Fund

Self-Reported Risk Tolerance	Total TSP Account Balance	G Fund	F Fund	C Fund	S Fund	I Fund	L Fund	Average	Median
High Risk	\$49,343,456	11%	2%	38%	22%	16%	10%	\$90,042.80	\$48,845.77
Moderate Risk	\$151,834,544	18%	6%	33%	17%	12%	14%	\$93,782.91	\$52,367.68
Balanced	\$194,166,912	36%	9%	24%	9%	7%	16%	\$88,378.20	\$51,326.88
Low Risk	\$173,230,096	60%	7%	12%	3%	2%	15%	\$96,507.02	\$58,908.66
No Risk	\$100,693,520	91%	3%	3%	1%	<1%	3%	\$81,008.46	\$53,728.19

Those with 100% in G Fund, not surprisingly, are more likely to be cautious investors, though 28% see themselves as balanced or aggressive. Those with 100% in L Funds are less likely to fall into either extreme (very aggressive or very cautious) compared to those in non-diverse asset mix categories.



Risk Response by Asset Mix Classes

Self-Reported Risk Tolerance	Asset Mix Classes					
	100% G Fund (n = 2,184)	100% L Fund (n = 612)	Non-Diverse/ 1 asset class/ not L or G (n = 1,138)	Non-Diverse/ 2 asset classes/ not L (n = 999)	Diverse/ 3 asset classes (n = 2,314)	L Fund + Other (n = 955)
Very aggressive/high risk	2%	8%	12%	25%	9%	7%
Somewhat aggressive/moderate risk	8%	27%	20%	40%	31%	28%
Balanced between aggressive and cautious	18%	38%	28%	27%	36%	39%
Somewhat cautious/low risk	30%	23%	29%	8%	20%	21%
Very cautious/no risk	43%	4%	11%	1%	4%	5%

As expected, as participants age, they are more likely to include a greater portion of assets in the G Fund in their portfolio. Respondents under age 30 have a relatively large portion (35%) of their funds in the G Fund, which may signal further efforts to help employees understand the value of diversification should be considered.

Though we may expect greater use of L Funds at younger ages since they were more recently introduced, the low use at higher ages (where still potentially appropriate) may signal a need to educate further on this option.

Age by Percentage of Total TSP Account Balance by Fund

	Total TSP Account Balance	G Fund	One Other Asset Class (F, C, S, I)	L Fund	Average	Median
Under 30	\$4,035,262	35%	30%	35%	\$10,241.78	\$4,872.98
30-39	\$22,956,554	21%	51%	28%	\$28,985.55	\$15,854.51
40-49	\$83,969,760	28%	53%	19%	\$57,200.11	\$31,217.13
50-59	\$181,813,728	43%	43%	14%	\$95,691.44	\$65,668.70
60-69	\$200,100,672	48%	40%	11%	\$112,732.77	\$84,040.59
70 and over	\$204,397,744	54%	38%	8%	\$112,740.07	\$67,358.84

Communication Preferences

Respondents vary in terms of most preferred sources of communication, though they are significantly less likely to prefer telephone compared to postal mail and electronic means (website and email messaging). Even with the equal preference for postal mail and electronic means, nearly three-fifths (59%) use the website (either from home or work) as primary means to access information, while just over one-third (38%) count on the quarterly and/or annual mailed statement. Communication preferences are fairly consistent across subgroups, though uniformed services is more likely to rank electronic sources and less likely to rank postal mail as preferred sources.

“People need to be reminded that the TSP is a very important part of their projected retirement income and ability to retire.”

—CSRS participant

Communications Preferences

Rank the Top 3 ways you prefer to receive information from the TSP.

	Ranked Most Preferred				
	Ranked Most Preferred	Ranked in Top 3	CSRS	FERS	Uniformed Services
Postal mail	39%	79%	46%	42%	27%
Online/website	30%	73%	27%	27%	36%
Email messaging/alerts	21%	68%	15%	18%	30%
Telephone representative	3%	22%	<1%	<1%	1%
Text messaging/alerts	<1%	7%	<1%	<1%	<1%
Online chat	<1%	3%	<1%	<1%	<1%
Other (none)	<1%	2%	<1%	<1%	<1%

Top Sources

As expected, those under 40 years of age are more likely to prefer electronic methods, but older respondents, those earning less, or those with less education are less likely to prefer electronic. That said, online/website is still second in preference only to postal mail for these groups.

	Total Top 3	Age			Annual Pay		Education	
		<40	40–49	50+	< \$60K	> \$60K	Some College or Less	College Degree or More
Postal mail	79%	78%	79%	81%	81%	79%	80%	79%
Online/website	73%	87%	82%	69%	67%	80%	68%	78%
Email messaging/alerts	68%	83%	80%	63%	61%	76%	60%	74%
Telephone representative	22%	14%	13%	26%	27%	17%	27%	19%
Text messaging/alerts	7%	11%	9%	6%	7%	7%	7%	7%
Online chat	3%	5%	3%	2%	4%	3%	5%	3%
Other (none)	2%	1%	1%	2%	2%	1%	2%	2%

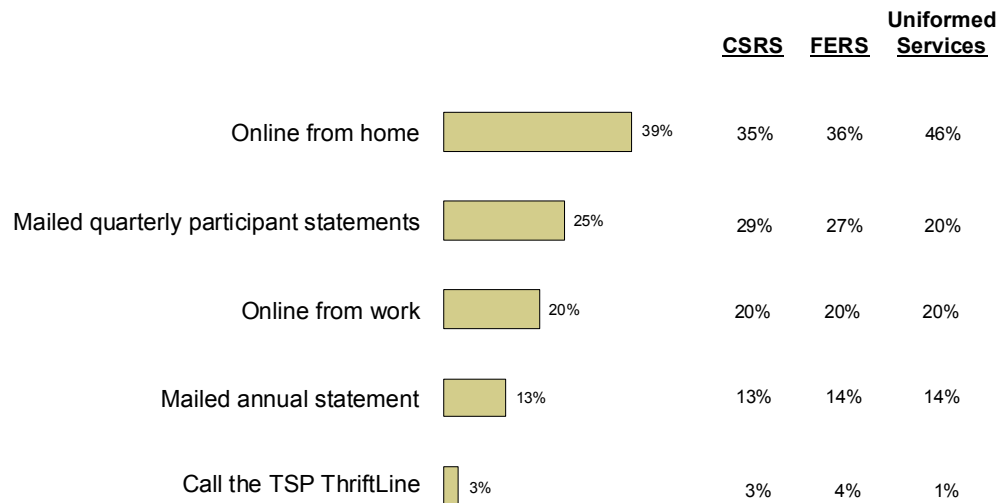
Shaded results are significantly different than others in the demographic group.

Communications Access

Nearly nine out of ten respondents (89%) say they have Internet access at home, especially uniformed services (94% have Internet access at home). Four-fifths (82%) of active respondents say they can access the TSP website from work. Work access is lowest among active FERS respondents (78%) and highest among active uniformed services (87%). Online from home is the most often used method to access TSP account information, especially for uniformed services. Few respondents prefer the TSP ThriftLine relative to on-line and mailed statement options.

Communications Access

How do you most often access or receive your TSP account information?



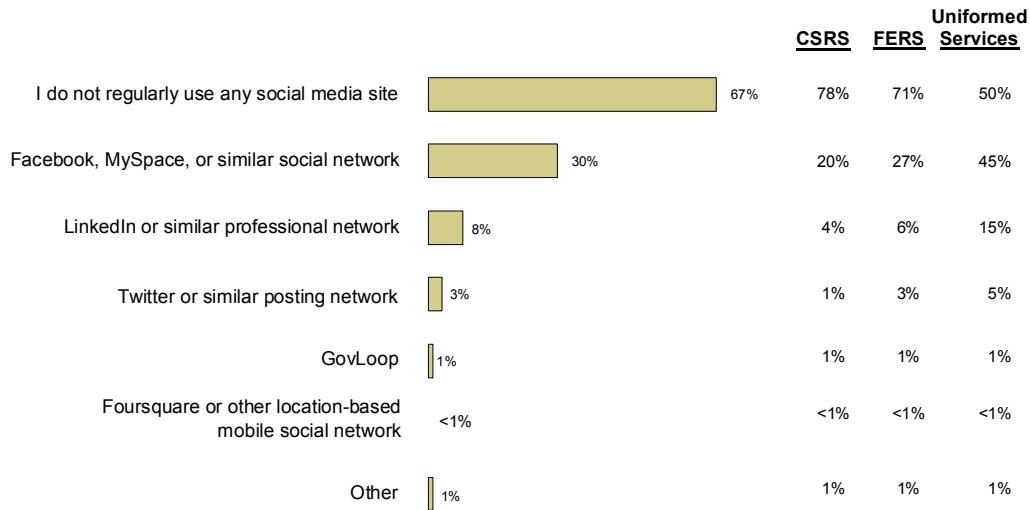
Note: Percentages do not include the 446 (5%) employees who "Do Not Review My Account Information."

Mobile phone and mobile smartphone use is also reasonably high among respondents, which may provide opportunities to introduce TSP mobile applications for communication, education, and potentially transactional purposes. Among all respondents, 86% use a mobile phone and one-third of those with a mobile phone use a smartphone. Nearly every respondent (97%) under age 40 uses a mobile phone, and two-thirds of those (64%) use a smartphone.

Though the majority of respondents do not regularly use social media, one-third (33%) regularly use at least one of these sites. These are most popular among uniformed services participants, and, not surprisingly, those under 40 years of age (64% of those under 40 use social media regularly; 95% of users under 40 use Facebook, MySpace, or other social sites).

Social Media Usage

Do you regularly use any of the following social media sites?



Closing

Overall participants are quite satisfied with the TSP, its competitiveness compared to similar private sector plans, its ease of use, its safety and security, its design features, and related website. Recent enhancements such as auto-enrollment and website improvements are viewed positively and are having an impact both preparing participants for retirement and improving overall satisfaction with the plan.

A continued focus on providing information and education on TSP participant benefits, diversification of investments, and appropriate support for plan decisions will provide the greatest impact on overall satisfaction. Consider short video elements, mobile applications, and/or social media channels as younger participants are using these tools more significantly.

Since most respondents access TSP information electronically, continued enhancements and improvements in the site should be effective in adding value. That said, the relatively smaller group who do use the ThriftLine see this positive experience as very important to their overall satisfaction, and therefore continued training and strong customer service skills for those manning the ThriftLine will be important.

A continued focus on increasing participation would be effective, given the importance placed on TSP as a source of retirement income. The primary suggestion to help increase participation from respondents was to provide or increase a match component.

"I think the TSP is a wonderful program. It has always seemed especially helpful to Federal employees. A shining example of what a well-run program our government can comprise."

—FERS participant