

Defined contribution retirement plans such as 401(k)'s, 403(b)'s, and their many cousins are replacing the old traditional *defined benefit* pension plans. The burden of funding and planning for retirement is more and more being placed squarely on the shoulders of employees. One of the most important decisions that an employee must make is how to allocate their 401(k), 403(b), etc. contributions. This exercise will give you much the same experience that thousands of Federal employees face each year: How do I inform myself about and how should I allocate my contributions to my Federal Thrift Savings Plan (TSP) account, the Federal employees' version of the 401(k)?

- Find the Thrift Savings Plan web site. What is the web site name? _____
- What are the five primary funds that are available in the Thrift Savings Plan? (Look for the "**Information Sheets**" for the five funds. Ignore the L Funds for this question.)

| Fund Name | Objective / Underlying Investments | Related Index | 10-Year Return | Expense Ratio |
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- Are the Thrift Savings Plan mutual funds actively-managed or passively-managed? What is the popular name for a **passively-managed mutual fund**? (Easy question! Check the presentation if you can not remember.)
- What is the purpose of the L funds? How many L funds are there and what are their names? Are the fees for the L funds higher than, less than, or the same as the five primary funds?
- One of the TSP funds refers to itself as a "Small Capitalization" fund. Is this an accurate name? What are the top three holdings in this fund? Are the top three holdings small-cap, mid-cap, or large-cap companies? (Look for the "**Information Sheet**" for the fund to find this information.)
- Assume you are a Federal employee. Your age is 32 years old. Your salary is \$40,000 per year. How much will you contribute to the TSP plan each year? What percentages will you allocate to each fund in the TSP?