

EMPLOYEE THRIFT ADVISORY COUNCIL

The Honorable Mitch McConnell
Majority Leader of the Senate
S-230, The Capitol
Washington, DC 20510

The Honorable John A. Boehner
Speaker of the House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Harry Reid
Minority Leader of the Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader of the House of
Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Orrin G. Hatch
President Pro Tempore of the Senate
S-125, The Capitol
Washington, DC 20510

I am writing on behalf of the Employee Thrift Advisory Council (ETAC), a statutorily created Advisory Committee comprising representatives of employee organizations, unions, and the Uniformed Services. ETAC provides advice to the Federal Retirement Thrift Investment Board on matters relating to the investment policies and administration of the federal Thrift Savings Plan (TSP). Collectively, our 15 organizations represent some 4.9 million TSP account holders, including millions of federal and postal employees, 293,000 members of the Uniformed Services, and tens of thousands of retirees with TSP accounts. These members are concerned about a serious threat posed by Congress to the TSP, the federal government's version of a 401(k). Twice this year, Congress has floated the idea of changing the rate of return for the G Fund, the largest fund in the TSP. There are plenty of arguments about why this is a bad idea; besides, it won't provide the revenue some think it will. However, that is not why we're writing to you today.

The issue is simple. Just the suggestion of a change to the TSP indicates to the employees we represent that the TSP can be manipulated by Congress – that their funds could be used to pay for other programs. It indicates that the TSP is no longer a secure place to put their retirement money. Since 1987, participants have been told that the governing board, the Federal Thrift Investment Board, decides what happens with the TSP, and the board has a fiduciary duty to consider, first and foremost, what is best for its participants. When Congress considers changes to the TSP opposed by the TSP fiduciaries, employee confidence in the fund is shaken.

We do not mean to suggest that Congress has no right to change the TSP. But, in fiscal year 1989, Congress and the Office of Management and Budget agreed that the TSP should not be considered part of the budget. As such, the fund is not included in the budget and its expenditures are not reflected as budget outlays.

In order for people to feel the TSP is a reliable investment, Congress has to declare the TSP off-limits as a source of revenue. It is the only way we can convince our members – federal employees and retirees, as well as members of the Uniformed Services – to continue to invest in the fund and plan for their future. The TSP is an important part of the retirement system for federal employees. For some in the military, it may be their only retirement savings during their service years. Without it, most will not have sufficient retirement income.

Please let us know that you will pledge to reassure the TSP participants that the TSP will not be used as a source of revenue by Congress. Should you require additional information, please contact me at CDailing@nrlca.org or Vice Chair Jim Sauber at sauber@nalc.org.

Sincerely,

A handwritten signature in cursive script that reads "Clifford Dailing".

Clifford Dailing
Chair, Employee Thrift Advisory Council