

STATEMENT OF ANDREW M. SAUL, CHAIRMAN,  
FEDERAL RETIREMENT THRIFT INVESTMENT BOARD,  
BEFORE THE SENATE COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS

April 10, 2008

Mr. Chairman and Members of the Committee, my name is Andrew M. Saul. Since my confirmation by the Senate in November 2002, it has been my privilege to serve as Chairman at the Federal Retirement Thrift Investment Board. I am appearing today with my colleagues on the Board and fellow nominees, Gordon J. Whiting and Alejandro Modesto Sanchez. We thank you for holding this hearing today.

When my colleagues and I appeared before you for our previous confirmation hearing on November 15, 2002, you were very direct in advising us about the challenges we faced at the Board. You described an institution with a failed modernization program, terminated contracts and multiple lawsuits. Disagreements between the former leadership and Executive branch departments were very public and combative. You further noted the lack of useful information on the TSP Web site. Your candor was appreciated and extremely useful as we set about getting the Board back in the business of providing retirement security to Federal employees and members of the uniformed services.

In an orderly and businesslike fashion, during open public meetings this Board attended to the problems you cited. We worked with the senior career staff to put the new record keeping system in operation just six months after taking office. We hired a new Executive Director who settled the lawsuits. We improved the TSP Web site, and

have made it, along with our toll-free telephone service centers, the gateways for service and up-to-date information.

The TSP today is a very different plan than it was in 2002. We transact business on a daily valued platform, and have built-in redundancies to ensure continuity of business. We introduced the new Lifecycle funds, which provide automatic, professionally designed, asset allocation. Participation has grown from 3 million to 3.9 million individuals, and balances on account have increased from \$98 billion when we arrived to \$223 billion. All of this and more has been accomplished at the same time that costs to participants have declined from 7 basis points (70 cents per thousand dollars of account balance) in 2002 to 1 1/2 basis points (15 cents per thousand) in 2007.

During our 2002 confirmation hearing, you noted that the TSP Web site did not include information regarding Board member or governance activities. That has been remedied, and we now also include information on the Employee Thrift Advisory Council and their meetings. As for other useful information, if you look at our homepage this month, you will see a scrolling marquee drawing attention to the fact that April is financial literacy month. As you know, Mr. Chairman, the Akaka amendment to the TSP Open Enrollment Act of 2004, refocused attention on this critical area. We now file a report annually with the Committee to report our ongoing efforts regarding financial literacy.

So far this year Agency staff has scheduled 305 educational sessions, including 55 for agency and service representatives and 250 employee briefings. 18 of the latter are major conferences and benefits fairs (including one scheduled for Legislative branch employees later this month).

Finally, Mr. Chairman, we are all very pleased that TSP participation by members of the uniformed services has grown from 282, 000 to 602,000 since we took office. We made special efforts to work with the services in this regard, and will continue to do so. The TSP, so well-conceived and designed by the Congress -- and this Committee in particular -- has been called "possibly the best single savings vehicle in America today" by legendary Vanguard mutual fund founder, John Bogle. We agree, and we pledge to continue to do all that we can to keep it attractive and useful to the fine men and woman who serve our nation.

I appreciate the opportunity to appear before you and to serve those who have served us all so well.