



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77 K Street, NE Washington, DC 20002

MINUTES OF THE MEETING OF THE BOARD MEMBERS

November 21, 2024

Michael F. Gerber, Chair of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on November 21, 2024, at 10:00 a.m., Eastern Standard 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 Dana K. Bilyeu of Oregon, member (by telephone); Leona M. Bridges of California, member; Stacie Olivares of California, member (by telephone); Ravindra Deo, Executive Director; Dharmesh Vashee, General Counsel and Secretary; Suzanne Tosini, Chief Operating Officer and Deputy Executive Director; Kimberly A. Weaver, Office of External Affairs Advisor; Gisile Goethe, Director, Office of Resource Management; James Courtney, Director, Office of Participant Experience; Sean McCaffrey, Chief Investment Officer; Vijay Desai, Chief Information Officer; Stephen Huber, Acting Chief Risk Officer; Trevor Williams, Chief Financial Officer; and James L. Kaplan, Director, Office of External Affairs.

Welcome and Introductions.

Chair Gerber called to order the monthly meeting of the Federal Retirement Thrift Investment Board (FRTIB or Agency) at 10:00 a.m. and welcomed everyone present to the meeting.

1. Approval of the Minutes of the October 22, 2024, Board Meeting.

Chair Gerber entertained a motion for approval of the minutes of the October 22, 2024 Board meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board meeting held on October 22, 2024 be approved.

Mr. Deo then gave opening remarks and provided a brief summary of the agenda. Mr. Deo congratulated Mr. Brandt, the Enterprise Risk and Internal Control Division, and the Agency, for winning the Risk Management Society's (RIMS) 2024 Enterprise Risk Management Global Award of Distinction.

2. Monthly Reports.

a. Participant Activity Report

Mr. Courtney reviewed the monthly Participant Activity Report. See “Participant Activity Report November 2024” (attached). He reported that the Internal Revenue Service released the contribution limits for 2025, which set the annual deferral limit at 23,500 dollars, catch-up contribution limit for those turning 50 or older at 7,500 dollars, and a new catch-up contribution limit for those turning ages 60 to 63 at 11,250 dollars. Mr. Courtney also reported the Agency has sent notices to active participants turning age 60 to 63 informing them of their eligibility for this new contribution limit; the information has been updated in participant communications, on the Agency website, and discussed with benefits specialists throughout the government.

Mr. Courtney disclosed that the Agency is changing the default delivery for annual statements. Most participants with an email address on file will be defaulted to electronic delivery only within MyAccount; participants may opt out of this delivery method by changing their preference in MyAccount. The Agency is communicating this change, as well as the steps to follow to opt out, by sending a paper notice to affected participants via the U.S. mail, which is compliant with Department of Labor guidelines.

Mr. Courtney announced a new feature to be rolled out in January 2026. A “Roth In-Plan Conversion” will allow participants to convert any or all of their Traditional assets to Roth assets. He emphasized that the tax bill triggered by the conversion cannot be paid automatically with Thrift Savings Plan assets. He reported that when the Agency surveyed participants about this feature, 24 percent indicated that they understood the Roth conversion and its tax implications and, of those participants, 35 percent replied they were “likely” or “extremely likely” to use the Roth conversion feature.

b. Investment Report

Mr. McCaffrey shared that the Office of Investments accomplished its November 2023 goal of implementing a newly chosen index for the I Fund during calendar year 2024. The new index is known as the MSCI ACWI IMI ex USA ex China ex Hong Kong Index and the investment managers completed this transition before the end of October. Mr. McCaffrey stated that the index is a significant expansion over the previous index, the MSCI EAFE Index, and offers exposure to 92 percent of non-U.S. market capitalization from 21 developed countries and 23 emerging market countries. During the transition, the managers followed unique transition benchmarks they developed with MSCI, and the I Fund performance is reported relative to these benchmarks. For the remainder of 2024, Mr. McCaffrey identified that the transition benchmarks will be referenced during each manager’s year-to-date performance. However, starting in 2025, each manager’s performance will only reflect the new index.

Mr. McCaffrey next reviewed the investment performance report. See “October 2024 Investment Program Review” (attached). For the month of October, both BlackRock’s and State Street’s performance for the F, C, and S Funds aligned with respective benchmarks. BlackRock’s and State Street’s performance on I Fund was behind the applicable International Index by 23 and 32 basis points, respectively, largely due to fair value pricing.

Mr. McCaffrey reported that in the month of October, there were multiple disappointing earnings outlooks from big technology companies in the month’s final days contributing to equity markets finishing mostly lower. The C Fund and the I Fund returns were negative while the S Fund finished slightly higher. The F Fund lost as longer-term interest rates increased. All L Funds finished lower.

Mr. McCaffrey next reported on performance for 2024. BlackRock’s year-to-date performance for the F Fund was ahead of the Fixed Income Index’s return by 10 basis points, primarily due to year end pricing differences. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, BlackRock was ahead of the Small Mid-Cap Index by eight basis points, primarily due to securities lending. BlackRock’s I Fund performance lagged its applicable International Index’s return by 15 basis points, primarily due to securities sampling and fair value pricing.

State Street’s year-to-date performance for the F Fund was ahead of the Fixed Income Index’s return by 11 basis points, primarily due to year-end pricing differences. Its performance for the C Fund matched the Large Cap Index. For the S Fund, State Street was ahead of the Small Mid-Cap Index by seven basis points, primarily due to securities lending. The I Fund’s performance was behind the applicable International Index’s return by 14 basis points, primarily due to fair value pricing.

Mr. McCaffrey provided a brief update on market performance for November as of market close on November 20. He indicated that the C Fund is ahead 3.80 percent; the S Fund has gained 7.44 percent; the I Fund is down 1.72 percent; the F Fund has fallen 0.35 percent; and the G Fund is ahead by 0.24 percent. Turning to L Funds, Mr. McCaffrey reported that the number of accounts holding assets in L Funds increased by 22,000, due largely to the automatic enrollment of new participants. He noted that the L 2060, L 2065, and L 2070 Funds saw the largest increases.

Finally, net interfund transfers for the month of October were not particularly large on a net dollar basis. The S Fund seemed to be the overall beneficiary of outflows from the other Funds. On a percentage basis, only about 2.1 percent of participants moved assets between Funds, which is just slightly above the long run median of 2.0 percent.

c. Legislative Report

Ms. Weaver provided the legislative update. She shared that Senator John Thune will assume the position of Senate Majority Leader on January 3, 2025. She reported that Congress is now working on plans to fund the government, fund disaster relief, address the debt ceiling, and pass the National Defense Authorization Act.

3. Quarterly Metrics Report.

Mr. Huber provided an overview of the Agency's performance metrics for the fourth quarter of fiscal year (FY) 2024. See "FY24 Q4 Metrics Report" (attached). He reported that the Agency is at or above the target metrics in all areas except for one, Participant Overall Satisfaction, which missed the target of 85 percent by one percentage point. Mr. Huber noted, however, that the 84 percent satisfaction rate from the Office of Planning and Risk's annual satisfaction survey was two points higher than the previous year and the percentage of participants who are extremely satisfied with many aspects of the TSP also increased significantly from 2023.

4. Adjourn.

On a vote taken by the Chair, the members closed the meeting at 10:16 a.m. to enter into executive session.

At 12:14 p.m., upon completion of the executive session, the members reconvened the open portion of the meeting.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chair Gerber adjourned the meeting at 12:16 p.m.

MOTION: That this meeting be adjourned.

Dharmesh Vashee
General Counsel and Secretary

Attachments

1. Participant Activity Report November 2024
2. October 2024 Investment Program Review
3. FY24 Q4 Metrics Report