



Effective 1 July 2004, the TSP will make three changes to the loan program:

- A \$50 fee will be deducted from the amount of each new loan.
- You will no longer be able to have two general-purpose loans at the same time. You will still be able to have one general-purpose loan and one residential loan.
- When you pay off a TSP loan, you will not be eligible to apply for another loan of the same type for 60 days.

WHY IS TSP MAKING THESE CHANGES?

The administrative burden and cost of processing loans is significant. In the past, administrative expenses for the loan program were charged to all TSP participants, whether or not they ever used the loan program. The one-time \$50 fee will cover the cost of processing and servicing the loan and will ensure that these costs are paid by the 500,000 participants who use the TSP loan program, and not by the 2.7 million participants who do not.

WHAT HAPPENS TO YOUR TSP ACCOUNT WHEN YOU APPLY FOR A LOAN?

Although funds are restored to your account when your loan payments are posted, borrowing from your account will affect the final account balance available for your retirement. Because the five TSP investment funds have different rates of return, the interest you pay on your loan (at the G Fund rate) is likely to be different from the rates of return on the other four TSP funds. If you have invested in any fund(s) other than the G Fund, the earnings in your account when your loan is fully repaid are likely to be different from what your earnings would have been if you had not taken the loan.

Thus, even though you pay back your loan with interest, you may have less money in your account when you retire than if you had not borrowed from it.

WHERE CAN YOU RECEIVE MORE INFORMATION ON THESE CHANGES?

Questions and answers about the changes to the TSP loan program are available on the TSP website at <http://www.tsp.gov/curinfo/loanprogram.html#top>.

The TSP Loan booklet is available at <http://www.tsp.gov/forms/tspbk04.pdf>.

TSP also has a publication "The Cost of TSP Loans" that discusses the financial affect that a TSP loan has on your account <http://www.ts.gov/forms/oc96-16pdf>.

WHOM DO YOU CONTACT FOR TSP LOAN QUESTIONS?

If you are a Navy civilian employee and have questions regarding benefits issues, please call The Benefits Line at 1-888-320-2917, select option 4 to talk to a Customer Service Representative (CSR). CSRs are available from 7:30 a.m. until 7:30 p.m. (Eastern Time), Monday through Friday except on federal holidays.

If you have questions regarding the TSP loan changes or have questions on an existing loan with TSP, please contact the ThriftLine at (504) 255-8777. Hearing impaired my call their TDD line at (504) 255-5113 from 6:00 am until 6:00 pm (Central time), Monday through Friday except on federal holidays.