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Highlights

Highlights of [GAO-07-541](#), a report to the Ranking Member, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The Federal Retirement Thrift Investment Board (FRTIB) is charged with managing the Thrift Savings Plan (TSP)—a key component of retirement savings for many federal employees—in the interest of its participants and beneficiaries. As part of a broader request on oversight of FRTIB, GAO reviewed (1) the administrative expenses of FRTIB and key components of these expenses, (2) whether the administrative expenses of FRTIB are the result of practices consistent with federal regulations and similar functions at other agencies, and (3) FRTIB's current method of benchmarking administrative expenses. GAO reviewed FRTIB's budgets, audited financial statements, a benchmarking study, and written responses to questions that GAO submitted. GAO also reviewed the regulations that guide FRTIB's spending.

What GAO Recommends

GAO recommends that the board members direct the Executive Director to continue exercising due diligence by identifying opportunities for continued cost savings, specifically in the areas of rent and travel. GAO also recommends that FRTIB expand its benchmarking practices to comparable individual activities. FRTIB partially concurred with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-541.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Susan J. Irving at (202) 512-9142 or irvings@gao.gov.

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

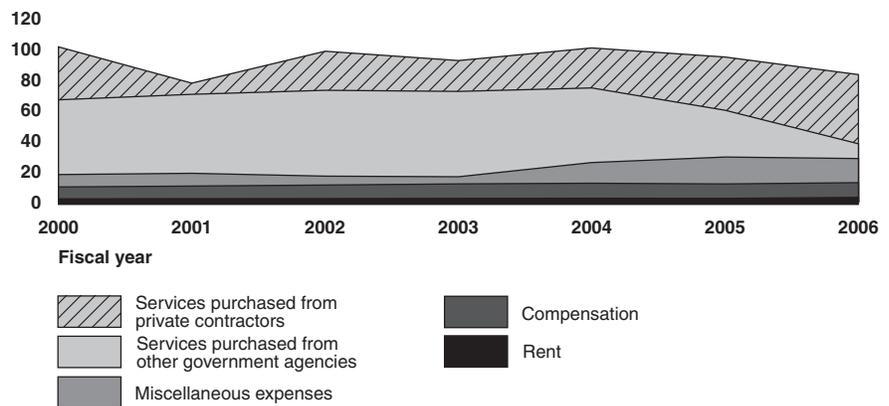
Due Diligence Over Administrative Expenses Should Continue and Be Broadened

What GAO Found

FRTIB's administrative expenses ranged from a peak of \$101 million in fiscal year 2000 to \$83 million estimated for fiscal year 2006. Only the 2001 administrative expenses were lower, reflecting the termination of a key contract. In real terms, FRTIB's administrative expenses in 2006 were at a 7-year low. Throughout this period more than half of FRTIB's administrative expenses went towards purchasing services from outside entities—private contractors and other government agencies. The next largest share of FRTIB's budget was for miscellaneous expenses, such as printing and information technology. Additional administrative expenses were spent on compensation of FRTIB's 65 employees, rent, and travel.

Total Administrative Expenses of FRTIB, Fiscal Years 2000-2006

Current year dollars in millions



Source: GAO analysis of FRTIB data.

Note: Travel expenses—which have been between .10 and .24 percent of expenses—are not included in the graph above because they are too small to be visually apparent.

FRTIB has established practices that are consistent with federal regulations—for acquisition, compensation, and travel. There are some areas, however, that suggest opportunities for future savings. The amount FRTIB pays per square foot is consistent with average rental rates that the General Services Administration (GSA) cites for nearby available properties. However, FRTIB rents more space per employee than GSA would recommend. Given recent downsizing, FRTIB has begun looking into consolidating its office space. Additionally, opportunities exist to reduce the travel expenses of TSP board members traveling to Washington, D.C.

FRTIB's current method of benchmarking TSP participants' investment fees against those charged by 401(k) plans is a very important measure for participants—and the TSP compares favorably on this measure. However, looking only at an aggregate measure provides insufficient information to judge whether individual activities are being conducted either to achieve the best performance or in the most efficient manner. Benchmarking by individual activity permits an organization to compare its performance with standards or "best in class" in a specific activity.