

GAO Highlights

Highlights of [GAO-24-106319](#), a report to congressional requesters

Why GAO Did This Study

The TSP, administered by FRTIB, is the largest retirement plan in the U.S. with about \$895 billion in retirement assets and approximately 7 million participants and beneficiaries.

In 2020, FRTIB contracted with AFS to predominantly own the underlying infrastructure and operate the services for the modernized TSP recordkeeping system. The contract length was a base of 3 years with options for up to 9 additional years. The total estimated cost to participants, if all options are exercised, is about \$4.6 billion. Included in this cost are fees for transactions participants initiate through the system.

GAO was asked to review FRTIB's efforts in modernizing TSP services. This report examines (1) the extent to which the agency implemented key acquisition management practices to monitor progress before deployment of the new TSP recordkeeping system; (2) the key problems encountered by participants after the deployment of the new system and the actions taken to address them; (3) the extent to which the agency oversaw the actions of its contractor; and (4) the extent to which the agency implemented federal customer satisfaction requirements to improve customer service.

View [GAO-24-106319](#). For more information, contact Jennifer R. Franks at (404) 679-1831 or FranksJ@gao.gov.

August 2024

THRIFT SAVINGS PLAN

Investment Board Needs to Greatly Improve Acquisition Management and Contractor Oversight

What GAO Found

The Federal Retirement Thrift Investment Board (FRTIB) did not fully implement key acquisition management practices to ensure the success of Thrift Savings Plan (TSP) products and services. Specifically, while the agency identified its needs and assessed alternatives to meet those needs, it did not

- develop policies and procedures to govern the way it acquires products and services until after the TSP services acquisition was underway;
- ensure that the new TSP recordkeeping system was consistent with federal requirements for loan repayment, court-ordered benefits, and accessibility;
- verify that the contractor had completed tests in accordance with plans;
- ensure that all milestones were met before progressing through the acquisition process; and
- confirm that personnel requirements for training, background investigations, and contract monitoring were met.

By not fully implementing these practices, FRTIB significantly increased the risk of a problematic rollout of the new system.

When the TSP recordkeeping system deployed in 2022, participants encountered a variety of problems (see figure). According to Accenture Federal Services (AFS), it received about 120,000 calls on the first day of operation. The average wait time went from 35 minutes on the first day to two hours by the third day. The agency and its contractor subsequently took action to address many of these issues, although in some cases, resolution took months.

Examples of the Issues Encountered by Thrift Savings Plan (TSP) Participants When Using the New System

Some participants reported being unable to:

- Access their TSP retirement accounts,
- Complete basic transactions,
- Obtain the minimum distributions required by the Internal Revenue Service,
- Receive beneficiary benefits and court order awards, and
- Get adequate assistance through TSP contact center — the ThriftLine.



Sources: GAO (analysis and circle illustration); Vladwel/stock.adobe.com (desktop and web browser illustration). | GAO-24-106319

GAO evaluated FRTIB's acquisition procedures, contract solicitation and administration efforts, the TSP services contract, and contract personnel data against key acquisition management practices. GAO also summarized reported issues encountered by the TSP participants, and the actions taken to address them.

Additionally, GAO analyzed the TSP contract to summarize the agency's oversight approach and evaluated contractor performance documentation against that approach. Further, GAO analyzed participant satisfaction and interaction survey results, and contractor performance data against key actions for improving customer service, among other things.

What GAO Recommends

GAO is making seven recommendations to FRTIB's Executive Director, including to:

- develop a process to ensure that requirements developed for the TSP recordkeeping system are consistent with applicable federal requirements;
- develop a process to review testing documentation to ensure planned testing is complete for any system enhancements or upgrades;
- develop a process to review milestone-related documentation to ensure that it fully addresses the milestone requirement;
- expedite negotiations with its contractor to modify, where feasible, the TSP services contract to ensure that all pertinent data necessary for performance oversight is provided by the contractor; and
- reevaluate and adjust the allowable credits and penalties to focus on areas with the largest financial impact to participants.

FRTIB agreed with GAO's recommendations and stated that it plans to implement them either through re-competition of the recordkeeping contract or through ongoing negotiations with AFS.

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THRIFT SAVINGS PLAN

Investment Board Should Improve Acquisition Management and Contractor Oversight Processes

To enable FRTIB's oversight of AFS, the contract includes a process with performance metrics. The agency can credit or penalize the contractor for its performance in meeting the metrics. In the first 2 years of service, it did both (see table).

Credits Earned and Penalties Incurred by the Contractor for the New Thrift Savings Plan System, June 2022 through December 2023

Service category	Year 1		Year 2	
	Credits earned	Penalties deducted	Credits earned	Penalties deducted
Participant services	—	\$4,017,137	—	\$1,326,553
	—	—	\$656,424	—
Administrative services	\$272,965	—	—	—
	—	—	\$407,637	—
	\$270,378	—	—	—
Regulatory, accounting, & compliance	—	—	\$223,549	—
Security and information technology	\$543,343	—	\$553,297	—
Total	\$1,086,686	\$4,017,137	\$1,840,907	\$1,326,553

Legend: — = not applicable

Source: GAO (analysis), Federal Retirement Thrift Investment Board (data). | GAO-24-106319

Note: Credit and penalty totals for Year 2 are for June 2023 through December 2023, not the entirety of Year 2.

However, the agency was unable to adequately oversee the contractor's performance in key areas such as court order and death claim timeliness because it did not have the information needed to do so. The contract does not require AFS to provide this information. For nearly 2 years, FRTIB and its contractor have discussed contract modifications that would require such information to be provided. It is unknown when the two parties will reach agreement.

In addition, the agency was limited in its ability to penalize AFS for poor performance because the contract only allows a subset of performance metrics to be eligible for penalty each year. Many of these metrics do not focus on areas that would have the most financial impact on participants. This misalignment of incentives will likely continue to persist without action by the agency to issue penalties in areas that have the most impact on participant outcomes.

FRTIB, in coordination with its contractor, implemented key actions to improve the way it delivers services to the TSP participants. Specifically, the agency and its contractor

- integrated customer service into the agency's existing activities;
- used annual surveys to identify what its customers want;
- made services for the new TSP recordkeeping system available through multiple channels; and
- identified improvements and enhancements to the TSP recordkeeping system based on participant feedback and industry information sharing.

As a result, participant-reported satisfaction with the modernized system has improved significantly since its deployment.