

108TH CONGRESS
1ST SESSION

H. R. 3101

To amend title 5, United States Code, to provide for the establishment of a precious metals investment option in the Thrift Savings Fund.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 16, 2003

Mr. PAUL (for himself, Mr. JONES of North Carolina, and Mrs. MUSGRAVE) introduced the following bill; which was referred to the Committee on Government Reform

A BILL

To amend title 5, United States Code, to provide for the establishment of a precious metals investment option in the Thrift Savings Fund.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Thrift Savings Fund
5 Improvement Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) In order to enhance stability in the oper-
9 ations of the legislative branch of the Government,

1 it is important to maintain a professional congress-
2 sional staff and to promote longevity of service.

3 (2) Consistent with paragraph (1), Congress
4 has recently enacted legislation authorizing new ben-
5 efits, such as a student loan forgiveness program,
6 and taken other measures to improve staff com-
7 pensation and benefits.

8 (3) The Thrift Savings Plan is an important
9 benefit which is offered to congressional employees,
10 and which furthers the goal of attracting and retain-
11 ing talented individuals to serve in the legislative
12 branch of the Government.

13 (4) The 3 stock index funds in the Thrift Sav-
14 ings Plan have not performed well recently, espe-
15 cially when measured against inflation. In 2002, for
16 example, losses from those funds were greater than
17 3, 4, and 5 percent, respectively, in the month of
18 December alone, and more than 15, 18, and 22 per-
19 cent, respectively, for the entire year.

20 (5) By contrast, during that same year, the
21 Government securities and bond index funds in the
22 Thrift Savings Plan had earnings of 5 and 10 per-
23 cent, respectively, and, in December of that year
24 alone, slightly more than $\frac{1}{2}$ of 1 percent and 2 per-
25 cent, respectively.

1 (6) By yet greater contrast, increases in gold
2 spot prices more than offset the losses experienced
3 by even the worst-performing stock index fund in the
4 Thrift Savings Plan in 2002, with the price of gold
5 increasing by nearly 25 percent in that year and by
6 more than 9 percent in December of that year alone.

7 **SEC. 3. PRECIOUS METALS INVESTMENT FUND.**

8 (a) **FUND DEFINED.**—Section 8438(a) of title 5,
9 United States Code, is amended—

10 (1) in paragraph (9), by striking “and” at the
11 end;

12 (2) in paragraph (10), by striking the period
13 and inserting “; and”; and

14 (3) by adding at the end the following:

15 “(11) the term ‘Precious Metals Investment
16 Fund’ means the Precious Metals Investment Fund
17 established under subsection (b)(1)(F).”.

18 (b) **ESTABLISHMENT.**—

19 (1) **IN GENERAL.**—Section 8438(b)(1) of title
20 5, United States Code, is amended—

21 (A) in subparagraph (D), by striking
22 “and” at the end;

23 (B) in subparagraph (E), by striking the
24 period and inserting “; and”; and

25 (C) by adding at the end the following:

1 “(F) a Precious Metals Investment Fund
2 as provided in paragraph (5).”.

3 (2) FUND REQUIREMENTS.—Section 8438(b) of
4 title 5, United States Code, is amended by adding
5 at the end the following:

6 “(5)(A) The Board shall establish a Precious Metals
7 Investment Fund.

8 “(B) Contributions to the Precious Metals Invest-
9 ment Fund shall be invested in physical gold, silver, or
10 platinum bullion (rather than any mining company shares,
11 certificates, derivatives, or futures options), and any bul-
12 lion so acquired shall constitute the assets of the Precious
13 Metals Investment Fund and shall be stored in a vault
14 in a Federally chartered or State chartered bank. Each
15 share in the Precious Metals Investment Fund shall rep-
16 resent a direct investment in the precious metal itself.”.

17 (c) ACKNOWLEDGMENT OF RISK.—Section 8439(d)
18 of title 5, United States Code, is amended—

19 (1) by striking “or the Small Capitalization
20 Stock Index Investment Fund,” and inserting “the
21 Small Capitalization Stock Index Investment Fund,
22 or the Precious Metals Investment Fund,”; and

23 (2) by striking “and (10),” and inserting “(10),
24 and (11),”.

1 **SEC. 4. EFFECTIVE DATE; DEFINITIONS.**

2 (a) **EFFECTIVE DATE.**—The Federal Retirement
3 Thrift Investment Board—

4 (1) shall study the operation of existing pre-
5 cious metals funds to determine the best practices of
6 those funds; and

7 (2) not later than 1 year after the date of the
8 enactment of this Act—

9 (A) shall establish the Precious Metals In-
10 vestment Fund, incorporating the best practices
11 referred to in paragraph (1) to such extent and
12 in such manner as the Board shall determine;
13 and

14 (B) shall make the Precious Metals Invest-
15 ment Fund available to individuals participating
16 in the Thrift Savings Plan.

17 (b) **DEFINITIONS.**—For purposes of this section—

18 (1) the term “Precious Metals Investment
19 Fund” has the meaning given such term by section
20 8438(a)(11) of title 5, United States Code (as
21 amended by section 3(a)); and

22 (2) the term “Thrift Savings Plan” refers to
23 the plan described in subchapter III of chapter 84
24 of such title 5.

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