



# Death Benefits

## **1 What will happen to my Retirement System benefits if I die while employed at TVA?**

If you are a member of the Original Benefit Structure or Cash Balance Benefit Structure your beneficiary is entitled to Retirement System benefits based on both your contributions, if any, and a TVA-funded death benefit. These benefits will be payable to your estate if you do not have a valid beneficiary designation on file.

## **2 Who is my beneficiary?**

Your beneficiary is the person or persons you named on forms filed with the Retirement System. If you first became a member of the System after January 1, 1990, you must name your spouse, if any, as your beneficiary to receive your TVA-financed vested benefits, unless your spouse completes a consent form allowing you to name another person. Employees who first became a member of the System before that date may name anyone they choose.

## **3 Can I name a minor child as a beneficiary?**

Yes. However, a minor child must have a court appointed guardian to receive any benefits.

## **4 What benefits will my beneficiary receive based on my contributions to the Fixed and Variable Funds?**

Your beneficiary is entitled to the contributions, if any, you have made to the Fixed and/or Variable Fund(s) and the earnings on those contributions.

## **5 At my death, what happens to my 401(k) Plan balances?**

Your beneficiary is entitled to all of your 401(k) Plan balances, including any matching account balance. You do not have to be vested at the time of death for your beneficiary to receive the matching contributions.

## **6 What happens if I have an outstanding 401(k) loan at my death?**

Your beneficiary will have the option of repaying the loan within 120 days. If he or she elects not to repay the loan, the appropriate portion of the outstanding balance will be reported as a taxable distribution to the IRS. Under these circumstances, early withdrawal penalties will not apply.

- 7 Must my beneficiary be the same for my retirement and my 401(k) Plan balances?**  
No. The beneficiary for the 401(k) Plan may be different from the beneficiary for your Retirement System benefits.
- 8 Will my beneficiary be able to defer distribution of my 401(k) Plan balances?**  
If your spouse is your beneficiary, he or she may defer distribution until you would have reached age 70 1/2, while any beneficiary who is not your spouse may defer distribution for up to five years.
- 9 If I am a participant in the Original Benefit Structure, what will my beneficiary receive based on TVA's financed benefit?**  
Your beneficiary is entitled to a payment equal to 50% of your base salary, plus five-twelfths (5/12) of one percent of your base salary for each month of creditable service, up to a maximum of 200% of your base salary. Creditable service includes any unused sick leave, forfeited annual leave, and pre-TVA employment military service for which you have made the required deposit. Unused sick leave and forfeited annual leave can increase the total to more than 200% in some circumstances. However, this is not true for pre-TVA employment military service. You do not have to be vested at the time of death for your beneficiary to be eligible for this benefit.
- 10 If I am a participant in the Cash Balance Benefit Structure, what will my beneficiary receive based on TVA's financed benefit?**  
Your beneficiary is entitled to receive the higher of (1) the value of your cash balance account or (2) a payment equal to the above-mentioned benefit for a participant in the Original Benefit Structure.
- 11 Does my beneficiary have a choice to receive monthly benefits rather than a lump-sum benefit?**  
Yes, provided that you named only one beneficiary. Your beneficiary has three choices: a lump-sum payment of both your balance in the Fixed and Variable Funds and the TVA-funded death benefit; a lump-sum payment of your balance in the Fixed and Variable Funds and a monthly benefit from the TVA-funded death benefit; or a monthly benefit from both your balance in the Fixed and Variable Funds and the TVA-financed death benefit. Additionally, if your beneficiary is your spouse, he or she may choose to defer receipt of the monthly benefit to a future date. The monthly benefit will be based on the value of the death benefit and the age of the beneficiary at the time payments begin.
- 12 Will my beneficiary receive cost-of-living adjustments after I die?**  
Yes. Your beneficiary will be entitled to receive any cost-of-living adjustments effective on January 1 of the year following the year the benefit begins.

**13 What happens if I die while still employed but the benefit for my survivor would be larger if I had already retired?**

Your beneficiary will receive a monthly benefit just as if you had been retired at the time of your death and had elected the 100% survivor option (Option 2).

**14 Will my beneficiary be eligible to elect the level income plan?**

If your beneficiary is your spouse and elects a monthly benefit, he or she may be eligible for the level income plan. The level income plan is an optional plan intended to provide beneficiaries with approximately the same amount of monthly retirement income before and after Social Security benefits are payable, assuming the beneficiary begins receiving widow/widower Social Security benefits at age 60. To be eligible for the optional level income plan, a beneficiary must be eligible for a future Social Security benefit and be younger than age 60. Beneficiaries may choose the optional level income plan to temporarily increase their TVA pension benefit until age 60 when they are first eligible to begin receiving widow/widower Social Security benefits. Then, at age 60, the TVA pension benefit is permanently reduced for life. For additional information, contact the Retirement System.

**15 Will my beneficiary be eligible for the supplemental benefit?**

If your beneficiary is your spouse and he or she elects the monthly benefit, he or she may be eligible for the supplemental benefit. If, at the time of death, you meet the following eligibility requirements:

- Actual age 55 or older with 10 years of service, benefit would begin immediately.
- Actual age 50 with 10 years of service, benefit would begin when you would have been 55.
- Less than actual age 50, no supplemental benefit is payable.

**16 Where can I or my beneficiary get information about benefits such as FEGLI, Supplemental Life Insurance, unpaid earnings, and annual leave?**

At the time of your death, your beneficiary will receive information from TVA Employee Benefits about these benefits. If you currently have questions, you can call TVA Employee Benefits at 888-275-8094.

*Should there be any conflict between the information in this document and the provisions of the various plans, the plan provisions and not this document shall be controlling.*

TVA Retirement System  
400 West Summit Hill Drive, WT 8A-K  
Knoxville, Tennessee 37902

Phone: 865-632-2672  
Toll-free: 800-824-3870  
Fax: 865-632-8591

E-mail: [retsvcs@tva.gov](mailto:retsvcs@tva.gov)  
Website: [www.tvars.com](http://www.tvars.com)

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