

Deferred Retirement

1 What is a deferred retirement benefit?

A deferred retirement benefit is a monthly benefit for vested participants in the Original Benefit Structure (OBS) from the pension and the Fixed and Variable Funds, if applicable, where payments do not start immediately upon termination of your employment, either because you do not qualify for an immediate retirement benefit or because you chose to defer receipt of your monthly benefits. You may apply for a deferred retirement benefit if you are vested and leave TVA at any age for any reason. However, a deferred retirement benefit is not automatic; you must apply upon termination of your employment. You have 60 days from your termination date to apply for your retirement benefit. If your application is not received within 60 days, you will be subject to a default benefit. Your retirement benefit would default to a deferred retirement benefit with no survivor benefit, unless you are subject to spousal consent, and payments scheduled to begin no later than age 65. During the deferral period, you may elect for payments to begin as early as age 55, but no later than age 65. You may also elect a survivor option and name a beneficiary to receive a continuing benefit.

2 When does payment of a deferred retirement benefit begin?

An OBS deferred retirement benefit may begin as early as attained age 55, but no later than age 65.

3 Will I be eligible for the TVARS Supplemental Benefit and if so, when would it begin?

If you meet the eligibility criteria at termination of your employment, you would begin receiving the supplemental benefit at the same time you begin receiving your pension benefit. Please see the Supplemental Benefit FAQs for additional information.

4 Why would I want to defer retirement past attained age 55?

You might elect to defer your retirement benefit past attained age 55 if you do not qualify for the maximum pension factor at retirement. You may receive the maximum pension factor by deferring your retirement benefit to attained age 60. If you have adequate income from other sources, deferring to attained age 60 may create a greater retirement income than would otherwise be possible. You must carefully weigh the advantages and disadvantages of deferring your retirement benefits before making a decision. After obtaining the maximum pension factor at attained age 60, your pension benefit will not increase by further deferring receipt of your pension benefit.

5 Is my pension benefit subject to any cost-of-living adjustments after deferred benefits begin?

If you meet the age requirements, your monthly pension benefit may receive cost-of-living adjustments as determined in accordance with the System's Rules and Regulations.

6 Can I withdraw my balance in the Fixed and Variable Funds at termination?

Yes. You may elect a partial or total withdrawal at termination. If you elect a deferred retirement and elect a partial withdrawal at termination, you have the option of withdrawing the remaining balance at any time before your deferred retirement benefit begins. Any taxable money paid to you is subject to applicable taxes and penalties. You may also elect to roll over all or a portion of your balance in the Fixed and Variable Funds to an IRA.

7 What if I do not withdraw my Fixed and Variable balance at termination?

If you do not withdraw any of your balance at termination of your employment, you have the option to withdraw your total balance at any time before your deferred retirement begins. If you choose not to withdraw your balance, your Fixed Fund will continue to accrue interest at the applicable rate approved by the System Board. The Variable Fund will continue to be invested in the Spartan 500 Index Fund-Institutional Class, and the value of this fund would rise and fall with the general stock market.

8 May I transfer between the Fixed and Variable Funds before payments begin?

If you have not yet begun receiving a retirement benefit, you are permitted to transfer any percentage or dollar amount of your balance between the Fixed and Variable Funds once per calendar month. Transfer requests received by Fidelity Investments by 4 p.m. (EST) will be processed at that day's closing net asset value. Contact Fidelity at 800-354-7121 or at www.netbenefits.com. Once you begin receipt of your retirement benefits, transfers between funds of your entire balance are allowed once per calendar year.

9 Can I still defer my pension if I withdraw my balance in the Fixed and Variable Funds at termination?

Yes. You may elect to withdraw your balance and still defer receipt of your pension benefit until attained age 55 or later, unless the present value of your deferred pension benefit is \$30,000 or less.

10 If I withdraw my balance in the Fixed and Variable Funds and the present value of my deferred pension benefit is \$30,000 or less, can I still defer my pension?

No. If you withdraw your balance in the Fixed and Variable Funds and the present value of your deferred pension benefit is \$30,000 or less, you will automatically receive a lump-sum payment of the present value of your deferred pension benefit. This is referred to as a pension benefit cashout. You would not have the option of receiving a deferred monthly retirement benefit.

11 What if the value of my balance in the Fixed and Variable Funds plus my pension is \$30,000 or less?

You will be required to withdraw your balance and receive a lump-sum payment of the present value of your deferred pension benefit. This is referred to as a pension benefit cashout. You would not have the option of receiving a deferred monthly retirement benefit.

12 Can I elect to provide a benefit for my beneficiary at my death?

You may choose from a wide range of options to provide income for your beneficiary, subject to spousal consent rules (see Question 15). Information regarding these options is available in a publication entitled “Decisions Upon Retirement” from the Retirement System and is also available at www.tvars.com, or you may wish to enroll in the online learning class entitled “Preparing to Make Retirement Decisions.”

13 What will my beneficiary receive if I die before my deferred benefit starts?

If you choose a survivor option at termination that provides for your beneficiary to receive a continuing monthly benefit, his or her benefit will begin at the time you would have reached attained age 55, or immediately if you were already attained age 55 at your death. If no survivor option is chosen, your beneficiary will receive a refund of your accumulated balance in the Fixed and Variable Funds, if not previously withdrawn.

14 If my beneficiary dies or I have a change in my marital status before my retirement benefit begins, may I change my beneficiary?

Generally, yes. You may name a new beneficiary and select a new survivor option at any time before your retirement begins, unless you are subject to the spousal consent rules (see Question 15). Once you begin receiving retirement benefits, you may not name a new beneficiary or select a new survivor option, even in the event of death or divorce. However, you may name a new spouse as a “second survivor” for a 100% or 50% benefit should you marry or remarry after retirement, as long as the Retirement System is notified within 90 days of the date of the marriage. Previous survivor elections also remain in effect for any designated beneficiary whose life expectancy was used as a factor in determining the amount of your retirement benefits.

15 Who is subject to the spousal consent rules?

If you are married and first became a member of the System after January 1, 1990, you are subject to the spousal consent rules and must name your spouse as your beneficiary to receive your retirement benefit under either an Option 2 or Option 3 survivor election. Otherwise your spouse must complete a consent form allowing you to elect another option or name another person as beneficiary. Employees who first became members of the System before that date are not subject to the spousal consent rules.

16 Can I elect the level income plan?

To be eligible for the level income plan when deferred benefits begin, you must be eligible for a future Social Security benefit and be younger than age 62. Please see the Level Income Plan FAQs for additional information.

17 Can I continue my Federal Employees Group Life Insurance (FEGLI)?

You are only eligible to continue your FEGLI as a retiree if your deferred retirement begins within 31 days from your termination date. You also must have been enrolled in Basic Life coverage for five years prior to your date of termination or from the first time coverage was available to you.

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.

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