

# The Pension

## **1 What is the Original Benefit Structure?**

The Original Benefit Structure provides its participants who are vested members of the TVA Retirement System (System) with a monthly pension benefit at retirement. Participants in the Original Benefit Structure are eligible to receive matching contributions to the 401(k) Plan of 25 cents on the dollar (the maximum matching contribution is 1.5% of fiscal-year-to-date base compensation) and may also be eligible to contribute to the Fixed and/or Variable Fund(s). Original Benefit Structure participants are employees who first became members of the System prior to January 1, 1996, and who did not elect to participate in the Cash Balance Benefit Structure.

## **2 What is the pension?**

The pension is a monthly retirement benefit available at retirement to vested members. Eligible retirees and surviving spouses will also receive a monthly supplemental benefit from the TVA Retirement System which may be used to help with the cost of their medical insurance. Please see the Supplemental Benefit FAQs for additional information.

## **3 How is the pension funded?**

TVA contributes to the System such amounts as necessary on an actuarial basis to provide the System with assets sufficient to pay accrued pension benefits.

## **4 When will I be vested in the pension plan?**

A participant in the Original Benefit Structure becomes vested after five years of creditable service. There is, however, an immediate vesting for death benefits as an active employee.

## **5 What is creditable service?**

Generally, creditable service is the length of time spent as a member of the System. However, creditable service includes credit for any annual leave forfeited after January 1, 1980, and, at your election, credit for unused sick leave. If this total is greater than 1,000 hours, you receive double credit for the hours in excess of 1,000. You may also make a deposit to obtain credit for eligible pre-TVA employment military service, but military service does not count toward vesting.

## **6 What is an immediate retirement benefit?**

If you are vested and are at least attained age 55, you are always eligible to receive an immediate benefit. If you are vested and less than attained age 55, you may also receive an immediate benefit unless you are terminated for cause.

## **7 What if I do not qualify for an immediate retirement benefit?**

A vested member who is not eligible for an immediate retirement benefit would qualify for a deferred retirement benefit. You may choose to have the benefit begin as early as attained age 55, but no later than age 65. You may also request a deferred retirement benefit even though you qualify for an immediate retirement benefit. Please see the Original Benefit Structure Deferred Retirement FAQs for additional information.

## **8 What is attained age?**

Attained age is your actual age plus credit for any annual leave forfeited after January 1, 1980, and, at your election, credit for your unused sick leave balance. To calculate the additional months and/or years to be added to your actual age, add your unused sick leave balance to your forfeited annual leave balance. If the total is 1,000 hours or less, you receive hour-for-hour credit for the attained age calculation. However, if the total is greater than 1,000 hours, you receive double credit for the hours in excess of 1,000 hours.

## **9 How is the amount of my pension benefit determined?**

Your pension benefit is calculated based upon three things: Your highest average salary for any three consecutive years, the number of years and months of creditable service you have as of your date of termination, and a pension factor. The pension factor, which can reach a maximum of 1.3%, depends on your age and/or whether or not you have obtained the Rule of 80. Additional information about the pension calculation is in the booklet entitled "Orientation to Your Retirement Benefits."

## **10 What is the Rule of 80?**

The Rule of 80 is the sum of your attained age and creditable service calculated as of your date of termination, and is important in determining your pension factor. To determine whether you have obtained the Rule of 80, add your attained age to your creditable service. A Rule of 80 Calculator is available at [www.tvvars.com](http://www.tvvars.com).

## **11 How do I receive the maximum pension factor?**

You qualify for the maximum pension factor of 1.3% if you are at least attained age 60 when the pension begins. You also qualify for the maximum pension factor if you have obtained the Rule of 80 and are at least actual age 45 as of the date of your termination.

## **12 Can I cash out my pension?**

You have the option to receive your vested pension benefit in a lump sum if you are eligible for an immediate retirement benefit, the present value of your pension benefit is \$30,000 or less, and you elect to withdraw your balance in the Fixed and Variable Funds, if applicable.

**13 Is my pension benefit subject to any cost-of-living adjustments?**

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.

**14 What benefits are available 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 booklet format from the Retirement System, or you may wish to attend one of the “Decisions Upon Retirement” workshops offered periodically.

**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 beneficiary to receive your TVA financed vested 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 Do I also qualify for Social Security benefits?**

Retired members of the System are generally eligible for Social Security benefits beginning at age 62. Eligibility for Social Security benefits is determined by the Social Security Administration in accordance with applicable law. Social Security benefits will not affect your pension benefit unless you elect the level income plan. Please see the Level Income Plan FAQs for additional information.

**17 How much is the Social Security offset?**

This offset depends upon your actual age at retirement and your actual years of service since 1955. The maximum reduction is \$52.50 per month for a person retiring at actual age 65. At actual age 55, the maximum reduction is approximately \$22 per month.

*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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