

# Supplemental Benefit

## **1 What is the supplemental benefit?**

The supplemental benefit is provided to eligible retirees and eligible surviving spouses and may be used to help with the cost of medical insurance; however, as a vested benefit for eligible retirees, it is payable whether or not it is used to pay for medical insurance. The amount of this benefit is based on the length of time spent as a member in the TVA Retirement System.

## **2 Who is eligible to receive the supplemental benefit?**

Terminating employees of the Original Benefit Structure or Cash Balance Benefit Structure must be:

- Actual age 55 at termination with 10 years of actual TVA Retirement System service (benefit begins upon retirement), or
- Actual age 50 at termination with 10 years of actual TVA Retirement System service if terminated due to an involuntary reduction-in-force (benefit begins at actual age 55).

## **3 Do I have to elect an immediate retirement benefit to receive the supplemental benefit?**

No. If you meet the eligibility criteria above at termination of your employment and elect a deferred retirement benefit, you will begin receiving the supplemental benefit at the time you begin receiving your pension benefit.

## **4 Will my beneficiary be eligible for the supplemental benefit?**

Only surviving spouses are eligible to receive the supplemental benefit and only if:

- The retiree met eligibility requirements, and
- The surviving spouse will receive at least a 25% continuing monthly pension benefit.

## **5 How is the amount of the supplemental benefit calculated for 2014?**

Eligible retirees under age 60 will receive \$11.5757 per month for each full year of actual System service at retirement, with the minimum benefit being calculated for 10 years, plus an additional \$94.20 per month.

Eligible retirees who are age 60 or older are eligible for different amounts depending on the cost-of-living adjustments since turning age 60. Please see the chart below to determine the appropriate amount:

<u>When did retiree turn age 60?</u>	<u>Calculation</u>	<u>Additional Benefit</u>
On or before 12-31-10	\$12.3657 X whole years of service	\$100.62
After 1-1-2011	\$12.2251 X whole years of service	\$99.48
After 1-1-2013	\$11.9502 X whole years of service	\$97.25
After 1-1-2014	\$11.7701 X whole years of service	\$95.78

**6 Is the supplemental benefit taxable?**

Yes. This benefit will be considered a taxable portion of your monthly retirement income.

**7 Is the supplemental benefit subject to any cost-of-living adjustments?**

Yes. The supplemental benefit may receive cost-of-living adjustments as determined in accordance with the System's Rules and Regulations.

*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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