

Retirement benefit changes for employees who first became TVARS members before 01/01/1996
and elected to participate in the Cash Balance Benefit Structure

	Current Benefits	Benefit Changes Effective 10/01/2016, unless otherwise noted
Lump Sum Payout	Upon termination, employee has the option to: 1) receive the Cash Balance account balance in a lump sum only if the value of the account is under \$30,000, or 2) draw a pension which is eligible to receive COLAs	Upon termination, employee has the option to: 1) receive the <u>entire</u> Cash Balance account balance in a lump sum or 2) draw a pension which is eligible to receive COLAs. If lump sum is elected, a lump-sum payout equal to value of supplemental benefit will also be paid, if eligible.
Fixed Fund Interest Rate during employment	Balances in the Fixed Fund earn interest as follows: Lesser of 6% or TVARS assumed Rate of Return (ROR) minus 0.5% (currently 6.5%) Current interest rate = 6%	Balances in the Fixed Fund earn interest as follows: CPI + 2% Minimum = TVARS assumed ROR minus 2% (currently 5%) and Maximum = TVARS assumed ROR minus 0.5% (currently 6.5%) Interest rate effective 01/01/2017 = 5%
Supplemental Benefit and Additional Benefit Cap*	Benefit caps are as follows: \$15.00 for the Supplemental Benefit and \$150.00 for the Additional Benefit	Benefit caps are as follows: \$12.3657 for the Supplemental Benefit and \$150.00 for the Additional Benefit
COLA **	COLA equal to change in CPI Maximum COLA of 5%	COLA equal to change in CPI minus 0.25% Maximum COLA of 6%
COLA Eligibility	Eligible to receive any COLA the January after reaching actual age 60	If age 50 or older as of 10/01/2016, eligible to receive any COLA the January after reaching actual age 60. If under age 50 as of 10/01/2016, eligible to receive any COLA the January after reaching actual age 65.

Note: The TVARS Board will evaluate the option for employees remaining in the cash balance structure to voluntarily elect to switch their future participation to the 401(k) Plan only with 6% automatic contributions from TVA and 100% match on up to an additional 6% of employee contributions. This election option, along with implementing amendments, may be subject to IRS review and approval pursuant to an IRS private letter ruling submitted by TVARS. This process may take 1-2 years.

* Those receiving less than these amounts will continue to receive COLAs until they reach the new cap.

** Rules amended to vest COLAs.

Additionally, the COLA applied to pensions will be based on salaries up to Executive Level IV, currently \$160,300.

Retirees with less than 10 years of TVARS service who were participants in TVA's Supplemental Executive Retirement Plan (SERP) will not be eligible for COLAs.

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.