

Proposed changes for employees in the Original Benefit Structure

	Current Benefits	Proposed Changes
Fixed Fund Contributions	Employees have the option of contributing after-tax dollars by payroll deduction or by lump-sum into the Fixed Fund and receive interest on that account. At termination, employee may elect to receive benefit as an annuity or withdraw in a lump sum.	No Change
Fixed Fund Interest Rate during employment	Balances in the Fixed Fund earn interest as follows: Lesser of 6% or TVARS assumed ROR -.5% (currently 6.5%)	Balances in the Fixed Fund will earn interest as follows: CPI + 2% Minimum - 4.5% and Maximum = TVARS assumed ROR -.5% (currently 6.5%)
401(k) match on 6% contribution	Matching contributions from TVA to employee 401(k) accounts 0.25 on every dollar up to 1.5% compensation.	No Change
Disability & Death benefit	Disability and death benefit provided through the TVARS	No Change
Supplemental Benefit Eligibility	To be eligible for the supplemental benefit, upon termination employee must have a minimum of 10 years of TVA Retirement System service and be actual age 55.	To be eligible for the supplemental benefit, upon termination employee must have a minimum of 10 years of TVA Retirement System service and be actual age 50. The benefit would commence at actual age 55 (or at retirement if already age 55)
Supplemental Benefit Calculation	If eligible, calculated based on actual years of TVARS service at termination	No Change
Supplemental Benefit and Additional Benefit Cap*	Benefit caps set at follows: \$15.00 for the Supplemental benefit and \$150.00 for the Additional benefit	Benefit caps would be set at follows: \$12.3657 for the Supplemental benefit and \$100.62 for the Additional benefit
COLA **	COLA equal to change in CPI with maximum COLA of 5%	COLA equal to change in CPI would remain unchanged but maximum COLA lowered from 5% to 3%
COLA Eligibility	Employees retiring may receive COLA starting the January after reaching actual age 60	If under age 50 when changes become effective, COLA would not begin until actual age 65

* Those receiving less than these amounts would continue to receive COLA until they reach the new Cap

** Rules would be amended to eliminate uncertainty of whether COLA's are a vested benefit which has been part of the lawsuit. Additionally, the COLA to pensions will be based on salaries capped at Executive Level IV, currently \$158,700