

Important Events in TVARS History

- 1939** TVA Retirement System established (11/39)
- 1956** TVA first subject to Social Security (1/56)
- 1959** Variable Annuity Plan established (1/59)
- 1964** Level Income Plan established (1/64)
- 1966** Savings Plan established (10/66)
- 1968** Cost-of-living adjustments (COLA) adopted (1/68)
- 1977** Members could withdraw annuity without forfeiting pension (11/77)
- 1980** Forfeited annual leave counts toward creditable TVARS service (1/80)
- 1984** Interest Fund I closed to contributions (12/84)
- 1986** 1.3% Pension Factor-Attained age 55 and Rule of 80. Sick leave doubles over 1000 hours and counts toward age and service (4/86)
Interest Fund II closed to contributions (12/86)
- 1987** Some part-time employees eligible for TVARS (1/87)
Vesting requirements changed from 10 years to 5 years (6/87)
401(k) Plan Established – Mandatory annuity contributions eligible to go to the 401(k) Plan for 2 years (10/87)
- 1988** Pension Cash-outs of \$3,500 or less (4/88)
Annuity withdrawal option (7/88)
- 1989** TVARS 50th anniversary (11/89)
- 1990** Spousal consent required for new TVARS members (1/90)

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1994

Voluntary Savings Plan merges with 401(k) Plan (1/94)

Members eligible to establish credit for pre-TVA employment military service, but not Rule of 80 (10/94)

1995

Deferred retirees eligible to change beneficiary and option at any time (9/95)

Members required to choose between the Original Benefit Structure and the Cash Balance Benefit Structure (11/95)

1996

Pension Cash-outs of \$30,000 or less (1/96)

Mandatory contribution eliminated (1/96)

Annuity Balance transferable to the 401(k) Plan (1/96)

Partial Withdrawals allowed from annuity funds (1/96)

Cash Balance Benefit Structure began for current members who elected and for all new employees hired on or after this date (1/96)

TVA matches contributions of 50 cents for each dollar participants who contribute to the 401(k) Plan up to a certain limit (1/96)

1997

Transfers of any % or dollar amount between the fixed and variable funds once per calendar quarter (1/97)

1998

Pre-TVA employment military service (with deposit made) used as creditable service for Rule of 80 for OBS participants. This rule change is retroactive to 1994 (6/98)

Employees who are actual age 45 receive the higher of a pension factor based on attained age or points (6/98)

TVA matches 25 cents for each dollar contributed to the 401(k) Plan for OBS and 75 cents for each dollar contributed to the 401(k) Plan for CBBS (10/98)

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1999

Employees eligible to switch/change original structure election – OBS or CBBS (1/99)

Second survivor option (1/99)

Supplemental Benefit for current, deferred, and future retirees. Eligibility criteria is age 50 with 10 years of service or age 45 and terminated due to an involuntary reduction-in-force (benefit begins at age 50) (1/99).

2000

Fixed and Variable recordkeeping transferred to Dreyfus/Mellon (8/00)

Transfers available between fixed and variable funds once per calendar month (8/00)

2001

Additional benefit of \$75 per month (subject to COLA's up to \$150) added to supplemental benefit (1/01)

2005

For participants in the Fixed Fund, interest rate begins to decrease 0.5% per year until it reaches the expected rate of return on the TVARS assets less 0.5% (1/05)

Fixed and Variable Funds re-opened to those employees who Previously transferred out, interest rate formula changed to expected rate of return on the TVARS assets less 0.5% (5/05)

2006

Fixed and Variable recordkeeping transferred to Fidelity (8/06)

2007

Eligibility criteria for supplemental benefit changed to age 50 and terminated due to an involuntary reduction-in-force (benefit begins at age 55) (7/07)

2009

Supplemental Benefit eligibility criteria changes to age 55 with 10 years (1/09)

TVARS Board adopted new tables and actuarial assumptions for retirements beginning on or after April 1, 2009 (4/09)

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Based on a \$1 billion TVA contribution to TVARS for FY 2010 through 2013, liability reductions included changes to employee interest rate for Fixed Fund, COLA eligibility criteria and temporary change in COLA calculation.

The interest rate for the Fixed Fund will be 6% (01/10)

Current employees who retire on or after 1-1-2010 will be eligible to receive a COLA at actual age 60. In addition, the temporary change to the COLA calculation is described below:

For calendar year 2010, the COLA will be zero.

For calendar year 2011, the COLA will be the increase in the Consumer Price Index (CPI), capped at 3 percent.

For calendar year 2012, the COLA will be zero.

For calendar year 2013, the COLA will be the increase in the CPI, capped at 2.5 percent.

At the end of this four-year period, the current COLA benefit will be restored (increase in CPI capped at 5 percent) (01/10)

Rule change to add investment professionals to TVARS Investment Committee (01/10)

2010