

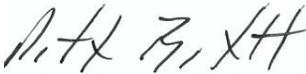
TVA RETIREMENT SYSTEM

NOTICE OF AMENDMENT TO THE PROVISIONS OF THE
TVA SAVINGS AND DEFERRAL RETIREMENT PLAN (“401(k) Plan”)

January 15, 2019

At its December 3, 2018, quarterly meeting, the TVA Retirement System Board of Directors (“TVARS Board”) approved an amendment to Article 7.5 of the 401(k) Plan Provisions. This amendment adds an in-plan Roth rollover option within the 401(k) Plan. With the addition of this option, effective on or after April 1, 2019, participants, former participants, or surviving spouse beneficiaries may elect to rollover any amounts in their 401(k) pre-tax, matching, non-elective, and after-tax accounts to a designated Roth account within the 401(k) Plan subject to any applicable taxable income inclusion as a result of the rollover of any pre-tax amounts and earnings.

TVARS has presented notice of this amendment to TVA as of the date of this Notice. The amendment will become effective February 14, 2019, unless vetoed by TVA within 30 days of this Notice. A copy of the amendment as approved by the TVARS Board is attached.



Patrick D. Brackett
Executive Secretary
TVA Retirement System

Article 7.5 in the Provisions of the Tennessee Valley Authority Savings and Deferral Retirement Plan is amended to add the language underlined as follows:

7.5 Direct Rollover of Certain Distributions

A. This section applies to certain distributions made on or after December 31, 2001. Notwithstanding any article of these provisions to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect at the time and in the manner prescribed by the board to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

B. The following definitions apply to the terms used in this section:

- (1) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; any hardship distribution; and the portion of any distribution that is not includable in gross income.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to (i) an individual retirement account or annuity described in section 408(a) or (b) of the Code; (ii) for taxable years beginning after December 31, 2001, and before January 1, 2007, to a qualified trust which is part of a defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible; or (iii) for taxable years beginning after December 31, 2006, to a qualified trust or to an annuity contract described in section 403(b) of the Code, if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which includible in gross income and the portion of such distribution which is not so includible.

- (2) An "eligible retirement plan" is an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state,

or any agency of instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Deferral Plan, an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, an annuity contract described in section 403(b) of the Code, or a qualified defined contribution plan described in section 401(a) of the Code that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

- (3) A "distributee" includes a participant or former participant. In addition, the participant's or former participant's surviving spouse and the participant's or former participant's spouse or former spouse who is the alternate payee under a domestic relations order, as set forth in the Appendix, are distributees with regard to the interest of the spouse or former spouse. A distributee also includes the participant's non-spouse designated beneficiary under Article 12. In the case of a non-spouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in section 408(a) or 408(b) of the Code ("IRA") that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of section 402(c)(11) of the Code. Also, in this case, the determination of any required minimum distribution under section 401(a)(9) of the Code that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.
- (4) A "direct rollover" is a payment by the Deferral Plan to the eligible retirement plan specified by the distributee.

C. Direct Rollovers of Roth Elective Deferrals

- (1) A direct rollover of a distribution from a Roth Elective Deferral Account will only be made to another Roth elective deferral account under an applicable retirement plan described in section 402A(e)(1) of the Code or to a Roth IRA described in section 408A of the Code, and only to the extent the rollover is permitted under the rules of section 402(c) of the Code.
- (2) The Deferral Plan will accept a rollover contribution to a Roth Elective Deferral Account only if it is a direct rollover from another Roth elective deferral account under an applicable retirement plan described in section

402A(e)(1) and only to the extent the rollover is permitted under the rules of section 402(c) of the Code.

- (3) The Deferral Plan will not provide for a direct rollover for distributions from a participant's Roth Elective Deferral Account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than \$200 during a year. In addition, any distribution from a participant's Roth Elective Deferral Account is not taken into account in determining whether distributions from a participant's other accounts are reasonably expected to total less than \$200 during a year. However, eligible rollover distributions from a participant's Roth Elective Deferral Account are taken into account in determining whether the total amount of the participant's account balances under the Deferral Plan exceeds \$1,000 for purposes of mandatory distributions from the Deferral Plan pursuant to Article 7.6.
- (4) The Provisions of the Deferral Plan that allow a participant to elect a direct rollover of only a portion of an eligible rollover distribution but only if the amount rolled over is at least \$500 is applied by treating any amount distributed from the participant's Roth Elective Deferral Account as a separate distribution from any amount distributed from the participant's other accounts in the Deferral Plan, even if the amounts are distributed at the same time.

D. Rollovers from Other Plans. The Deferral Plan will accept participant rollover distributions and/or direct rollovers of distributions made after December 31, 2001 as follows:

- (1) Direct Rollovers. The Deferral Plan will accept a direct rollover of an eligible rollover distribution from: (i) a qualified plan described in section 401(a) or 403(a) of the Code, including after-tax employee contributions; (ii) an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions; or (iii) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or agency or instrumentality of a state or political subdivision of a state.
- (2) Participant Rollover Contributions from Other Plans. The Deferral Plan will accept a participant contribution of an eligible rollover distribution from: (i) a qualified plan described in section 401(a) or 403(a) of the Code; (ii) an annuity contract described in section 403(b) of the Code; or (iii) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

- (3) Participant Rollover Contributions from IRAs. The Deferral Plan will accept a participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

E. In-Plan Roth Rollovers. On or after April 1, 2019, the Deferral Plan will accept an in-plan Roth rollover distribution from the vested portion of any of the following Accounts of a participant, retired participant, or spousal beneficiary (including an alternate payee who is a spouse or former spouse) under the Deferral Plan: (i) a Pre-tax Elective Deferral Account; (ii) a Savings Contributions Account; (iii) a Matching Contributions Account; (iv) a Nonelective Contributions Account; and (v) a Transfer Contributions Account (excluding any amounts transferred from the Retirement System in a plan-to-plan transfer pursuant to a participant's election described in Articles 9.5A(7) and 9.5B(5)). Eligible in-plan Roth rollover distributions will be transferred to the participant's Roth Elective Deferral Account, and the Deferral Plan will maintain such records as are necessary for the proper reporting of in-plan Roth rollovers.