



Announcing Lower Fees for the Tennessee Valley Authority 401(k) Plan

Dear Plan Participant:

The TVA Retirement System (TVARS) is pleased to announce several changes in the TVA Savings and Deferral Retirement Plan (401(k) Plan) that will help save you more money for retirement: a reduction in the Administrative Fee for the 401(k) Plan and lower expense ratios for the Target Retirement Portfolios and the Equity Index Fund in the 401(k) Plan's investment lineup. TVARS estimates these lower fees and expenses will result in annual savings of around \$280,000 for 401(k) Plan participants.¹

Lower Administrative Fee

As a participant in the 401(k) Plan, you pay a flat annual administrative fee that is deducted from your account on a quarterly basis. This administrative fee covers the costs of maintaining your account in the Plan (i.e., accounting, trustee, recordkeeping, and other administrative services) and the services provided to you as a participant in the Plan (i.e., one-on-one consulting services).

Effective **July 1, 2019**, and first reflected on your Q3 2019 statement, the annual **Administrative Fee** is being reduced.

Old Administrative Fee		New Administrative Fee
\$47 per year (\$11.75 per quarter)	⇒	\$44 per year (\$11.00 per quarter)

Lower Expense Ratio for the Equity Index Fund

Effective at market close, (generally 4 pm Eastern time) on **October 1, 2019**, the **Equity Index Fund** will move to a new fund with identical investments managed by BlackRock but with a lower expense ratio.

Old Fund		New Fund
Equity Index Fund M (managed by BlackRock) Expense Ratio: 0.02%	➤	Equity Index Fund J (managed by BlackRock) Expense Ratio: 0.01%

2020 Target Retirement Portfolio Merging

Effective at market close (generally 4 pm Eastern time) on **October 1, 2019**, and in line with the investment strategy of the Target Retirement Portfolios, the **2020 Target Retirement Portfolio** and its assets will merge into the **Target Retirement Income Portfolio** because the fund has reached its target retirement year.

Old Fund		New Fund
2020 Target Retirement Portfolio Expense Ratio: 0.0602%	➤	Target Retirement Income Portfolio Expense Ratio: 0.0600%

Lower Expense Ratio for the Target Retirement Portfolios

Effective at market close, (generally 4 pm Eastern time) on **October 1, 2019**, the **Target Retirement Portfolios will move their fund recordkeeping to Fidelity with the same underlying BlackRock investments, but with lower expense ratios.**

Target Retirement Portfolio	Old Expense Ratio		New Expense Ratio
Target Retirement Income Portfolio	0.0900%	➤	0.0600%
2025 Target Retirement Portfolio	0.0900%	➤	0.0600%
2030 Target Retirement Portfolio	0.0900%	➤	0.0609%
2035 Target Retirement Portfolio	0.0900%	➤	0.0614%
2040 Target Retirement Portfolio	0.0900%	➤	0.0621%
2045 Target Retirement Portfolio	0.0900%	➤	0.0622%
2050 Target Retirement Portfolio	0.0900%	➤	0.0623%
2055 Target Retirement Portfolio	0.0900%	➤	0.0623%
2060 Target Retirement Portfolio	0.0900%	➤	0.0623%

*The timing of the plan changes and transition period, including any asset reallocations, depends on a variety of factors, which may include the timing and accuracy of the transfer of data, receipt of instructions, and receipt of assets. Changes in any of these factors may result in changes to the timing of the delivery of services, the transition period, and/or the dates on which, and thus the prices at which, assets in your account are sold and/or reinvested.

What will the fund changes look like on Fidelity NetBenefits®?

The transfer of balances for the Equity Index Fund and the Target Retirement Portfolios will appear as an exchange on your account history and quarterly statement.

In addition, there will be a change in the Net Asset Value for the Target Retirement Portfolios. The Net Asset Value (NAV) of a fund is the price at which units of a fund are bought and sold. The value of all units of a fund portfolio are calculated on a daily basis, and from this all expenses are then subtracted to arrive at the net assets of the fund. The net assets are divided by the total units in the fund to arrive at the NAV for 1 unit. The NAV of the new Target Retirement Portfolios will initially be set at \$10. The number of units in your account will be determined at the market close on October 1, 2019, when your current fund is sold and units of the new fund are purchased. Again, the underlying BlackRock investments in both funds are identical so the only change in the total market value of your new fund will be the impact of any market activity on October 1, 2019, and the lower expense ratio.

Questions?

Fidelity representatives are on hand to answer questions about these changes by calling (800) 354-7121 Monday through Friday (excluding most New York Stock Exchange holidays) between 8:30 a.m. and midnight ET. You may also contact TVARS by email (retsvcs@tva.gov) or by phone (865) 632-2672 or (800) 824-3870.

Investing involves risk, including risk of loss.

An investment option's expense ratio is the total annual operating expenses (before waivers or reimbursements) paid by the investment option and stated as a percentage of the investment option's total net assets. The investment option's expense ratio information has been provided by the plan sponsor, the investment manager, or the trustee, each of whom may use their own calculation methodology to reflect the expense ratio information. When no ratio is shown for an option, it is because none was available; there may be fees and expenses associated with the option. Expense information changes periodically. Please consult Fidelity NetBenefits® for updates.

¹ As calculated by TVARS based on the number of participants in the 401(k) Plan and the amount of participant assets in the Target Retirement Portfolios as of July 1, 2019.