

## TVA RETIREMENT SYSTEM

### NOTICE OF AMENDMENTS TO THE TVARS RULES AND REGULATIONS AND THE PROVISIONS OF THE TVA SAVINGS AND DEFERRAL RETIREMENT PLAN

February 2, 2024

At its December 8, 2023, quarterly meeting, the TVA Retirement System Board of Directors (TVARS Board) approved IRS-housekeeping amendments to the TVARS Rules and Regulations and Provisions of the TVA Savings and Deferral Retirement Plan (401(k) Plan) required by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), the SECURE Act 2.0, and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

As a part of the SECURE Act and SECURE Act 2.0, the following changes in rules for Required Minimum Distributions (RMDs) from qualified retirement plans were included:

- Effective 1/1/20, the required beginning date for RMDs from the TVARS pension plan and the 401(k) Plan is changed from age 70 ½ to age 72 (so the required beginning date for RMDs becomes April 1 of the calendar year following the year in which the participant turns age 72)
- Effective 1/1/23, the required beginning date for RMDs from the TVARS pension plan and the 401(k) Plan is changed from age 72 to age 73 (so the required beginning date for RMDs becomes April 1 of the calendar year following the year in which the participant turns age 73)

As a part of the CARES Act, the TVARS Board elected to provide the following additional distribution, deferral, and waiver opportunities under the 401(k) Plan for participants who were impacted by the Covid pandemic:

#### *Coronavirus Related Distributions*

- 401(k) Plan allowing withdrawals of up to \$100,000 at any time from March 27, 2020 through December 30, 2020 to “eligible individuals” as defined by IRS rules
- Distributions are not subject to the 10% early withdrawal tax and may also be recontributed back to the plan

#### *Coronavirus Related Loan Deferrals*

- Payments on existing 401(k) Plan loans due between March 27, 2020 – December 31, 2020 may be delayed up to one year by “eligible individuals” as defined by IRS rules
- The term of the loan will be extended for the length of the suspension period (even if it extends the loan beyond five years)

- During the suspension period, interest will continue to accrue and future payments will be adjusted to reflect the interest accrued during the delay

*Waiver of RMDs*

- RMD payments for participants from the 401(k) Plan due in 2020 are waived
- RMDs are automatically waived unless the participant elects to receive, and if received, are not eligible for rollover

All of these SECURE Act and CARES Act provisions went into effect at earlier dates, and the plans have been operating in compliance with the provisions since those dates. The IRS then allows the plan documents to be amended at later dates, so these amendments serve to memorialize how the plans have been operating according to IRS requirements.

TVARS has presented notice of these amendments to TVA as of the date of this Notice. These amendments will become effective March 3, 2024, unless vetoed by TVA within 30 days of this Notice. A copy of the amendments as approved by the TVARS Board is attached.



---

Mark N. Meigs  
Executive Secretary  
TVA Retirement System

The following Sections of the Rules and Regulations of the TVA Retirement System are amended to delete the language marked through and to add the language underlined as follows:

## SECTION 7

### **7. Cash Balance Benefit Structure**

#### **I. Benefit Payable in the Event of Death Before Retirement**

Upon the receipt of proper proofs of death of a Participant who shall have died in service, there shall (subject, however, to the provisions of section 11) be paid to such person as the Participant shall have nominated by written designation duly filed with the board a benefit as follows:

1. For Participants Who First Became Members Prior to January 1, 1996, and For Participants Who First Became Members On or After January 1, 1996, and Have Ten (10) or More Years of Cash Balance Service as of October 1, 2016
  - a. If the Participant's beneficiary is any person other than such Participant's spouse, the beneficiary may elect to receive either (1) a cash lump sum, payable as of the first day of the month following the month in which the Participant's death occurs, in an amount equal to the value of such Participant's accumulated contributions plus the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the Participant's account balance as of the last day of the month in which the death of the Participant occurs, or (2) a life annuity commencing no later than one year after the member's death and consisting of a pension, payable monthly, which is the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the amount equal to the quotient of (i) the Participant's cash balance account balance as of the date preceding the date the payments commence, divided by (ii) the applicable conversion factor from the table contained in section 7K based on the beneficiary's age in years and months as of the date payments commence, and an annuity equal to the actuarial equivalent of the Participant's accumulated contributions. In lieu of the life annuity, and subject to section 15, the beneficiary may designate an actuarial equivalent annuity, with payments to commence at such future date as the beneficiary chooses and at the beneficiary's death the difference, if any, between the present value of the total benefit payable at the time of the Participant's death and the sum of the payments made to the beneficiary during the beneficiary's lifetime, exclusive of any increases in such payments which are provided

in subsections G and L of this section 7, shall be paid in a lump sum to such person or persons as the Participant shall have designated as contingent beneficiaries under this option or, in the absence or default of such designation, to such person or persons as the primary beneficiary shall have designated or in the absence or default thereof to the primary beneficiary's estate. If no beneficiary survives the death of the Participant, such benefit, which would have been payable to the beneficiary, shall be paid to the Participant's estate.

- b. If the Participant's beneficiary is the Participant's spouse, such spouse shall be entitled to receive a life annuity for such beneficiary's life commencing no later than the date the Participant would have reached age 70-1/2 (if the Participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the Participant was born after June 30, 1949 and before January 1, 1951), or effective January 1, 2023, age 73 (if the Participant was born after December 31, 1950), if such Participant had survived to such date. Such benefit to the spouse shall be a pension, payable monthly, which is the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or the amount equal to the quotient of (i) the Participant's cash balance account balance as of the date preceding the date the payments commence, divided by (ii) the applicable conversion factor from the table contained in section 7K based on the beneficiary's age in years and months as of the date payments commence, and an annuity equal to the actuarial equivalent of the Participant's accumulated contributions. In lieu of the life annuity, and subject to section 15, the beneficiary may designate an actuarial equivalent annuity, with payments to commence at such future date as the beneficiary chooses and at the beneficiary's death the difference, if any, between the present value of the total benefit payable at the time of the Participant's death and the sum of the payments made to the beneficiary during the beneficiary's lifetime, exclusive of any increases in such payments which are provided in subsections G and L of this section 7, shall be paid in a lump sum to such person or persons as the Participant shall have designated as contingent beneficiaries under this option or, in the absence or default of such designation, to such person or persons as the primary beneficiary shall have designated or in the absence or default thereof to the primary beneficiary's estate. Notwithstanding the foregoing, the spouse may request to receive, in lieu of any other benefits under the System to which such spouse would otherwise be entitled, a distribution of a cash lump sum equal to the greater of the amount calculated using the formula contained in section 6D2 based on the Participant's annual salary rate or

the value of the Participant's cash balance account balance as of the Participant's date of death, and the Participant's accumulated contributions payable as soon as practicable after the Participant's death.

## SECTION 15

### **15. Minimum Distribution Requirements for Benefits**

#### II. Benefit Distributions On or After January 1, 2006

#### B. Time and Manner of Distribution.

1. **Required Beginning Date.** The member's entire interest will be distributed, or begin to be distributed, to the member no later than the member's required beginning date.
2. **Death of Member Before Distributions Begin.** If the member dies before distribution begins, the member's entire interest will be distributed, or begin to be distributed, no later than as follows:
  - a. If the member's surviving spouse is the member's sole designated beneficiary, then, except as provided in section 15G below, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the member died, or by December 31 of the calendar year in which the member would have attained age 70 ½ (if the member was born before July 1, 1949, effective January 1, 2020, age 72 (if the member was born after June 30, 1949 and before January 1, 1951), or effective January 1, 2023, age 73 (if the member was born after December 31, 1950), if later .
  - b. If the member's surviving spouse is not the member's sole designated beneficiary, then except as provided in section 15G below, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the member died.
  - c. If there is no designated beneficiary as of September 30 of the year following the year of the member's death, the member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the member's death.

- d. If the member's surviving spouse is the member's sole designated beneficiary and the surviving spouse dies after the member but before distributions to the surviving spouse begin, this subsection B(2), other than subsection B(2)(i), will apply as if the surviving spouse were the member.

For purposes of this subsection B(2) and section 15E, distributions are considered to begin on the member's required beginning date (or, if subsection B(2)(d) applies, the date distributions are required to begin to the surviving spouse under subsection B(2)(a)). If annuity payments irrevocably commence to the member before the member's required beginning date (or to the member's surviving spouse before the date distributions are required to begin to the surviving spouse under subsection B(2)(a)), the date distributions are considered to begin is the date distributions actually commence.

3. Form of Distribution. Unless the member's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with sections 15C, 15D and 15E. If the member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations. Any part of the member's interest which is in the form of an individual account described in section 414(k) of the Code will be distributed in a manner satisfying the requirements of section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

D. Requirements for Annuity Distributions That Commence During Member's Lifetime.

1. Joint Life Annuities Where the Beneficiary Is Not the Member's Spouse. If the member's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the member and a nonspouse beneficiary, annuity payments to be made on or after the member's annuity starting date to the designated beneficiary after the member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the member using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the member and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

2. Period Certain Annuities. Unless the member's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the member's lifetime may not exceed the applicable distribution period for the member under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the member reaches age 72½, the applicable distribution period for the member is the distribution period for age 72½ under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 72½ over the age of the member as of the member's birthday in the year that contains the annuity starting date. If the member's spouse is the member's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the member's applicable distribution period, as determined under this section 15D(2), or the joint life and last survivor expectancy of the member and the member's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the member's and spouse's attained ages as of the member's and spouse's birthdays in the calendar year that contains the annuity starting date.

F. Definitions.

1. Designated beneficiary. The individual who is designated as the beneficiary under these Rules and Regulations and is the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-4 of the Treasury regulations.
2. Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the member's required beginning date. For distributions beginning after the member's death, the first distribution calendar year is the calendar year in which distributions are required to begin under section 15B(2).
3. Life expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.
4. Required beginning date. A member may not defer commencement of his or her benefits past his or her required beginning date. The required beginning date is April 1 of the calendar year following the later of (i) the calendar year in which the member attains age 70 ½ (if the member was born before July 1, 1949), effective January 1, 2020, age 72 (if the member was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the member was

born after December 31, 1950), or (ii) the calendar year in which the member retires.

### ~~III. Default to Discontinue 2009 RMDs~~

~~Notwithstanding this section 15, a member or member's beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the member, the joint lives (or joint life expectancy) of the member and the member's designated beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will not receive those distributions for 2009 unless the member or beneficiary chooses to receive such distributions. Members and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. No 2009 RMDs or Extended 2009 RMDs are eligible for direct rollover pursuant to section 8.~~



The following Articles of the Provisions of the Tennessee Valley Authority Savings and Deferral Retirement Plan are amended, effective January 1, 2020 and January 1, 2023 for Articles 7.1, 7.2, and 7.4B(2)(i), January 1, 2020 for Article 7.4H, and March 27, 2020 for Articles 8.6 and 8.8, to delete the language marked through and to add the language underlined as follows:

## ARTICLE 7

### 7. Benefits

- 7.1 Retirement and Disability Benefit. By the end of the fourth month following a participant's retirement under the Rules and Regulations of the Retirement System on a service retirement allowance, a special service retirement allowance, a disability retirement allowance, or a deferred retirement allowance, the participant shall be paid in a lump-sum the entire amount of the participant's Roth Elective Deferral Account and in a single-sum payment the entire amount of the participant's Pre-tax Elective Deferral Account, savings contributions account, matching contributions account (if nonforfeitable), and transfer contributions account under this Deferral Plan, unless the participant elects to defer receipt of all or part of the balances of such accounts for a period ending not later than April 1 of the calendar year following the calendar year in which the participant reaches age 70 ½ (if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the participant was born after December 31, 1950). A participant who makes such an election shall establish (and may revise at any time thereafter before its occurrence) dates for the distribution of such accounts so long as payments are made on or before the period herein described and in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations. In lieu of the foregoing, a participant, who first became a member of the Retirement System before January 1, 1996, may, at the time the participant makes application for retirement, elect to transfer all or part of the participant's savings contribution account and the after-tax portion of the participant's transfer contribution account to the Retirement System's accumulation account for conversion to a fixed-dollar annuity or to the variable annuity fund for conversion to a variable annuity.
- 7.2 Benefit Upon Termination of Employment. By the end of the fourth month following a participant's termination of employment for any cause other than retirement as stated in Article 7.1 or death, the participant shall be paid in a lump-sum the entire amount of the participant's Roth Elective Deferral Account and in a single-sum payment the entire amount of the participant's Pre-tax Elective Deferral Account, savings contributions account, matching contributions account (if nonforfeitable), nonelective contributions

account (if nonforfeitable), and transfer contributions account, unless the participant elects to defer receipt of all or part of the balances of such accounts for a period ending not later than April 1 of the calendar year following the calendar year in which the participant reaches age 70 ½ (if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), and effective January 1, 2023, age 73 (if the participant was born after December 31, 1950). A participant who makes such an election shall establish (and may revise at any time thereafter before its occurrence) the dates for the distribution of such accounts so long as the payments are made on or before the period herein described and in accordance with the benefit distribution requirements of Article 7.4 below and the income tax regulations.

7.4 Minimum Distribution Requirements for Benefits. The provisions of this article will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

B. Time and Manner of Distribution

- (1) Required Beginning Date. The participant's entire interest will be distributed, or begin to be distributed, to the participant no later than the participant's required beginning date.
- (2) Death of Participant Before Distributions Begin. If the participant dies before distribution begins, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
  - (i) If the participant's surviving spouse is the participant's sole designated beneficiary, then, except as provided in Article 7.4F below, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70 ½ (if the participant was born before July 1, 1949), effective January 1, 2020, age 72 (if the participant was born after June 30, 1949 and before January 1, 1951), or effective January 1, 2023, age 73 (if the participant was born after December 31, 1950), if later.

H. Default to Discontinue 2020 RMDs

Notwithstanding this Article 7.4, a participant or participant's beneficiary who would have been required to receive required minimum distributions in 2020 (or

paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code (“2020 RMDs”), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant’s designated beneficiary, or for a period of at least 10 years (“Extended 2020 RMDs”), will not receive those distributions for 2020 unless the participant or beneficiary chooses to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. No 2020 RMDs or Extended 2020 RMDs are eligible for direct rollover pursuant to Article 7.5.

## ARTICLE 8

### 8. Withdrawals and Loans

8.6 Loans. On or after October 1, 1988, the board may, in its sole discretion, authorize a loan to a participant who is an active employee of an amount from the participant’s accounts subject to the following:

D. “Coronavirus-Related Loans.” Notwithstanding any provision of this plan to the contrary, the following special rule applies to loans made to a participant who is a Qualified Individual:

(1) For a participant who is a Qualified Individual, and who has an outstanding loan on or after March 27, 2020, the due date of any loan repayment that is due during the period beginning on March 27, 2020 and ending on December 31, 2020, shall be delayed for a period not to exceed one year. Any subsequent repayments with respect to such loan shall be adjusted to reflect the delay and any interest accruing during such delay. The 5-year loan repayment schedule (or a primary residence loan repayment schedule) required under section 72(p) of the Code shall be appropriately adjusted to reflect the period during which loan payments are delayed.

(2) “Qualified Individual” means an individual:

- (i) Who was diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (“CDC”);
- (ii) Whose spouse or dependent was diagnosed with such virus or disease by a test approved by the CDC;
- (iii) Who experienced adverse financial consequences as a result of being quarantined, being furloughed, being laid off, or having his work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, the closing or reduction of hours of his or her business due to such virus or disease;
- (iv) Who experiences adverse financial consequences as a result of a reduction in pay (or self-employment income) or has a job offer rescinded or start date delayed due to such virus or disease;
- (v) Who experiences adverse financial consequences as a result of the individual’s spouse or member of the individual’s household being quarantined, being furloughed, being laid off, or having work hours reduced due to such virus or disease, being unable to work due to lack of childcare due to such virus or disease, having a reduction in pay (or self-employment income) or having a job offer rescinded or start date delayed due to such virus or disease;
- (vi) Who experiences adverse financial consequences as a result of the closing or reducing hours of a business owned or operated by the individual’s spouse or member of the individual’s household due to such virus or disease; or
- (vii) Who satisfies any other factors, as determined by the Secretary of the Treasury (or the Secretary’s delegate).

For purposes of this Article 8.6 and Article 8.8, a member of the individual’s household is someone who shares the individual’s principal residence.

8.8 Coronavirus-Related Distributions. Notwithstanding any provision of this Plan to the contrary, the following special rules apply to a participant (including a terminated participant) who is a Qualified Individual who received a coronavirus-related distribution:

- A. A coronavirus-related distribution shall be treated as meeting the requirements of section 401(k)(2)(B)(i) of the Code and shall not be subject to the tax treatment that applies to an eligible rollover distribution (as defined in Article 7.5) under sections 401(a)(31), 402(f), and 3405 of the Code.
- B. Section 72(t) of the Code shall not apply to a coronavirus-related distribution. Unless the Qualified Individual elects otherwise, any coronavirus-related distribution that would be included in the Qualified Individual's gross income for the taxable year of the distribution shall be included in gross income ratably over a three-year period beginning in the year of the distribution.
- C. The aggregate amount of coronavirus-related distributions shall not exceed the excess (if any) of (i) \$100,000 over (ii) the aggregate amounts treated as coronavirus-related distributions received by the Qualified Individual from all plans maintained for employees of TVA.
- D. A Qualified Individual who received a coronavirus-related distribution may, at any time during the three-year period beginning on the day after receipt of the coronavirus-related distribution, make one or more repayments to the Deferral Plan in an aggregate amount not to exceed the amount of the coronavirus-related distribution. Amounts repaid hereunder shall be treated as trustee-to-trustee transfers within 60 days of the distribution and shall be credited to the Qualified Individual's Deferral Plan account.
- E. A Qualified Individual will certify, in accordance with the rules prescribed by the Board, that he or she meets the requirements of a Qualified Individual, and the Board and its delegate may rely on such certification.
- F. "Coronavirus-related distribution" means any distribution on or after March 27, 2020 and before December 31, 2020 to an eligible individual.
- G. For purposes of this Article 8.8, "Qualified Individual" has the meaning set forth in Article 8.6D(2).