

NOTICE OF AMENDMENTS TO THE TVA RETIREMENT SYSTEM
RULES AND REGULATIONS

July 11, 2022

At its June 13, 2022, quarterly meeting, the TVA Retirement System Board of Directors (TVARS Board) approved housekeeping amendments to Sections 6R1, 7D3, 7O, and 18B3 of the TVARS Rules and Regulations (TVARS Rules) to align various death benefit provisions.

Following a review of the administration of certain death benefits under the TVARS Rules, TVARS identified two situations where the payout of death benefits is not specifically provided for consistent with how similar death benefits are provided in other parts of the TVARS Rules. The TVARS Board approved the attached amendments to provide clarity around the elections and processing of survivor and death benefits for these two situations as described below.

In the event the deferred retirement participant with a maximum single life annuity dies prior to beginning receipt of the retirement benefit, the TVARS Rules do not provide for the payment of the Cash Balance account to any beneficiary. Accordingly, Sections 7D3 and 7O of the TVARS Rules are being amended to provide for the lump-sum payout of the participant's Cash Balance account in this situation to a surviving spouse, if the participant has gotten married since terminating employment, or if not married, to the participant's estate. In addition, Sections 6R1 and 7O of the TVARS Rules are being amended to change the defaulted deferred retirement benefit for a married participant in both the Original Benefit Structure and the Cash Balance Benefit Structure from a 50% survivor benefit to a 100% survivor benefit to fully protect surviving spouses in cases where a deferred participant dies prior to starting their retirement benefit.

Under Section 7 of the TVARS Rules, in the event of a death-in-service, a surviving spouse may elect to receive the Cash Balance death benefit in a series of lifetime monthly payments or in a single, lump-sum payment. Section 18B3 of the TVARS Rules provides that the supplemental benefit will be included in the death benefit for a surviving spouse if the employee would have been eligible for the benefit assuming the employee had terminated employment as of the date of death. However, Section 18B3 only provides the supplemental benefit for death-in-service in cases where the surviving spouse elects lifetime monthly payments and not a lump-sum payment. Accordingly, Section 18B3 of the TVARS Rules is being amended to provide that eligible supplemental and additional benefits may be paid to a surviving spouse in a lump-sum payment when the spouse elects a lump-sum death-in-service benefit.

TVARS has presented notice of these amendments to TVA as of the date of this Notice. These amendments will become effective August 10, 2022, 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

Section 6R1 of the TVARS Rules and Regulations is amended to delete the language marked through and to add the language underlined as follows:

SECTION 6

6. Benefits of the System

R. Default Elections

1. Members Who Fail to Make an Election

Any member who ceases to be an employee of TVA and who fails to file an application for a retirement allowance with the directors within the 60-day period set forth under section 6 will be defaulted to a deferred retirement allowance with payments scheduled to begin at age 65. The default payment of their retirement allowance will be in the form of a single life annuity, or if the member is subject to the spousal consent requirement under the Rules, in the form of a ~~50%~~100% joint and survivor annuity. As allowed for under the Rules, such members who are defaulted to a deferred retirement allowance may notify the System during this deferral period to (i) elect a survivor benefit or different survivor benefit, and/or (ii) begin payments prior to age 65 but not before age 55, in which case the effective date for payments to begin will be the date the application is received.

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Section 7D3(b) of the TVARS Rules and Regulations is amended to add the language underlined as follows:

SECTION 7

7. Cash Balance Benefit Structure

D. Benefits for Cash Balance Participants

3. Benefit Upon Termination of Employment Prior to Retirement

b. Participants with Five or More Years of Cash Balance Service at Termination

A Participant with a minimum of five years of cash balance service, who is less than age 55 on the date the Participant ceases to be in service and who is not eligible for an early retirement benefit under subsection D2 above, may be retired upon application filed with the directors while the Participant is in service or not later than 60 days after the Participant ceases to be an employee.

Upon retirement under the provisions of this section 7D3b, a Participant shall receive a deferred retirement allowance beginning at age 55 or later, consisting of an annuity equal to the actuarial equivalent of the Participant's accumulated contributions, and a pension equal to the

quotient of (i) the Participant's cash balance account balance as of the day preceding the date the first payment becomes normally due, divided by (ii) the applicable conversion factor from the monthly payment conversion table contained in section 7K based on the Participant's age in years and months as of the date the first payment becomes normally due.

Provided, however, that (i) a Participant retiring on a deferred retirement allowance may, prior to the date the deferred allowance becomes normally due, elect to withdraw all or part of the Participant's accumulated contributions in a single sum, and (ii) in the event a deferred retirement Participant elects a single life annuity and dies prior to the date the retirement allowance begins, the entire amount of the Participant's accumulated contributions (if any) and the entire amount of the Participant's cash balance account will be paid in a lump sum to the Participant's surviving spouse at the time of death, or if there is no surviving spouse, then to the Participant's estate.

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Section 7O of the TVARS Rules and Regulations is amended to delete the language marked through and to add the language underlined as follows:

SECTION 7

7. Cash Balance Benefit Structure

O. Default Elections

1. Cash Balance Participants Who Fail to Make an Election

Any Cash Balance Participant who ceases to be an employee of TVA and who fails to file an application for a retirement allowance with the Board within the 60-day period set forth under section 7 will be defaulted to a deferred retirement allowance with payments scheduled to begin at age 65. The default payment of their retirement allowance will be in the form of a single life annuity, or if the Participant is subject to the spousal consent requirement under the Rules, in the form of a ~~50%~~100% joint and survivor annuity. As allowed for under the Rules, such Participants who are defaulted to a deferred retirement allowance may notify the System during this deferral period to (i) elect a survivor benefit or different survivor benefit, and/or (ii) begin payments prior to age 65 but not before age 55, in which case the effective date for payments to begin will be the date the application is received. In the event a deferred retirement Participant is defaulted to a single life annuity and dies prior to the date the retirement allowance begins, the entire amount of the Participant's accumulated contributions (if any) and the entire amount of the Participant's cash balance account will be paid in a lump sum to the Participant's surviving spouse at the time of death, or if there is no surviving spouse, then to the Participant's estate.

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Section 18B3 of the TVARS Rules and Regulations is amended to delete the language marked through and to add the language underlined as follows:

SECTION 18

18. Supplemental Benefit

B. Members retiring after December 31, 1998

3. A surviving spouse of an employee who dies in service on or after January 1, 1999 shall receive the supplemental and additional benefits equal to that for which the employee would have received been eligible under this section 18B1 above if:
(a) the deceased employee would have been eligible for a supplemental and additional benefits under section B1 if separated from TVA due to an involuntary reduction in force as of the date of death; ~~(b) the surviving spouse is receiving a death benefit under these Rules and Regulations in a series of monthly payments;~~
and (be) the surviving spouse was the current spouse of the deceased employee at the time of the employee's death. In the event the surviving spouse elects to receive the death benefit under these Rules and Regulations in a series of monthly payments, the supplemental and additional benefits will be paid in a series of monthly payments. In the event the surviving spouse elects to receive the death benefit under these Rules and Regulations in a lump sum cash payment, the supplemental and additional benefits will be paid in a lump sum equal to the present value of the supplemental and additional benefits, excluding any COLA benefit under section 18C3 after the date of the employee's death, calculated using a 6% discount rate and the mortality table for service retirements as set forth in the Appendix to the Rules and Regulations.