



Mike Clement

Energy Services Consultant, Energy Services and Programs,
Commercial Energy Services

Financial Services, Cleveland

41 Years of TVA Service

Education and Professional Designations:

Bachelor of Science in Agricultural Engineering, University of Tennessee
Certified Power Executive and Certified Advanced Power Executive
Certified Energy Manager
Certified in Measurement and Verification

TVA Experience:

- My current focus in TVA is energy conservation and sustainability in residences, businesses, and manufacturing using the resource (electricity) TVA produces in the most efficient and sustainable way. I work with manufacturers and businesses to reduce expenses with the goal of competitiveness and growth in their companies.
- I have worked in TVA in numerous positions across north Alabama and Chattanooga since 1978. Some of those positions had me traveling the whole TVA service area. I have worked for TVA for most of my career, except for a brief period at Chattanooga EPB and a Chattanooga engineering firm. I have been a TVA Engineering Association member and supporter for 29 years. My son Andrew has worked for TVA for 3 years.

Other Information: Reliable financial resources are vital, especially in retirement. When TVA reduced retirement benefits, TVA committed to fully fund the reduced commitments by providing \$300 million per year until 2036 to the TVA Retirement System (TVARS). Securing and maintaining 100% funding until all benefits are provided would be the least risk to TVA retirees. Over the last decade, TVA has had budget surpluses "NET INCOME." If a small percentage of the net income was used to accelerate the funding of the retirement deficit this could work like making an extra payment to your mortgage and shorten the payment years to reach a fully funded level. TVA could reduce the \$300 million yearly contribution in future years, after the retirement system is fully funded. This would prevent deferring the responsibility onto future TVA leadership.

Medical costs are major concerns in retirement. To help offset medical costs, there are two benefits available to eligible retirees, a TVARS Supplemental Pension Benefit and a TVA Healthcare Credit. Only the TVARS benefit is vested and subject to COLAs up to monthly ceiling amounts. The TVA Healthcare Credit could be at risk of future cuts or even elimination.

TVARS needs to also look to the future. TVA has moved from a defined benefit plan to defined contribution plans. This removes investment risk from TVA and places it on the employee. Currently TVARS has (1) Original Benefit Structure (OBS), (2) Cash Balance (Pre and Post 1996), and (3) Defined Contribution from TVA to include automatic and matching contributions up to 9% and up to 12% based on varying employee contributions. This has divided employees and complicated any retirement improvements which should ideally be fairly divided among all employees. One obvious inequity is some employees get up to 9% and some get up to 12% TVA contributions based on when they were hired. To be equitable, all employees should get up to 12% Defined Contribution. Younger employees with defined contributions face the risk of market volatility and navigating through the various stages of life. This risk can be reduced through financial education. Finally, critical decisions on TVARS changes should be more transparent to employees who are affected by these changes. The funding levels, along with the accounting methods, should be shared by TVARS on a more frequent basis.

Retirement can be complex and adequate savings provide for more and better choices. I promise to seek 100% funding to uphold and protect your TVARS benefits. This is your money, and you depend on the TVA Retirement System (TVARS) prudently managing it. If you elect me, My TVARS Board vote will always seek to balance earnings and risks to protect the beneficiaries. Because I began work with TVA in 1978 and have worked for TVA for much of my career, many current retirees are like family that I have known for over 40 years. I am concerned with maintaining and strengthening the solvency of our system for the next generations of retirees also.

INFORMATION IS BASED ON THE CANDIDATE'S REPRESENTATION.