

Sailing Into Retirement



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Types of Retirement Benefits

As a vested member who was hired before July 1, 2014, with a pension benefit, you may be eligible for an immediate retirement benefit, deferred retirement benefit, or a lump-sum cashout.

Immediate Retirement Benefit

An immediate retirement benefit is a monthly benefit from the pension that is effective the day following your last day of TVA employment. You may receive an immediate retirement benefit if you are vested, regardless of age, if you leave TVA for any reason other than termination for cause. Employees who are at least attained age 55 in the Original Benefit Structure or actual age 55 and have a cash balance account and leave TVA for any reason are always eligible to receive an immediate retirement benefit.

Deferred Retirement Benefit

A deferred retirement benefit is a monthly benefit from the pension that may begin as early as attained age 55 if you are a participant in the Original Benefit Structure or actual age 55 if you are a participant with a cash balance account. Regardless, a deferred retirement benefit can begin no later than age 65.

Cashout for Participants with a Cash Balance Account

A cashout is a lump-sum payment of the balance in your cash balance account. If you elect a lump-sum cashout of your cash balance account and are eligible for the supplemental benefit, a lump-sum payout equal to the present value of the supplemental benefit will also be paid.

Note: You will have 60 days from your termination date to apply for your retirement benefit. If your application is not received within 60 days, you will be subject to a default benefit. Your retirement benefit would default to a deferred retirement benefit with no survivor benefit, unless subject to spousal consent, and payments scheduled to begin no later than age 65. During the deferral period, you may elect for payments to begin as early as age 55, but no later than age 65. You may also elect a survivor option and name a beneficiary to receive a continuing benefit.

Fixed and Variable Funds

The Fixed and Variable Funds consist of your after-tax contributions and the earnings on those contributions. Your options at retirement depend on when you first became a TVARS member.

If you were first hired before January 1, 1996, you may elect:

- Lifetime monthly annuity benefit from your funds. Additionally, if you have made after-tax contributions to the 401(k) Plan, you may elect to transfer any or all of your 401(k) after-tax source funds to the System to receive a monthly annuity payment.
- Withdraw/Rollover your funds
- Transfer your funds to the 401(k) Plan prior to last day of employment

If you were first hired on or after January 1, 1996, you may:

- Withdraw/Rollover your funds
- Transfer your funds to the 401(k) Plan prior to last day of employment

EXAMPLE

Immediate Benefit Estimate:

Projected Retirement Date:	12/30/2026	Retirement Benefit Structure:	Cash Balance
Date of Birth:	12/30/1966	SSN:	
Retirement System Service Date:	01/01/1985	Beneficiary Name:	Spouse
Age at Retirement:	60 years and 0 months	Beneficiary Date of Birth:	01/01/1970

The following is an estimate of your retirement benefits based on the data shown above. Additional information regarding these benefit options and how they were calculated is provided on the attachments. This is an estimate only based on information you have provided and on assumptions made about your planned retirement. It does not create any rights to a certain level of benefits. These benefits are subject to change at any time in accordance with the Rules and Regulations of the TVA Retirement System.

Projected Monthly Retirement Benefits without Level Income Plan

From 04/05/2024 for life	Maximum	Option 1	Option 2 (100%)	Option 3 (50%)
Fixed Fund Value	\$ 800	\$ 770	\$ 700	\$ 750
Variable Fund Value (Units*)	-	-	-	-
Pension	\$ 935	\$ 935	\$ 610	\$ 625
Supplemental Benefit	\$ 383	\$ 383	\$ 383	\$ 383
Total	<u>\$ 2,118</u>	<u>\$ 2,088</u>	<u>\$ 1,693</u>	<u>\$ 1,758</u>

Monthly Survivor Benefits payable upon your death

	Option 2 (100%)	Option 3 (50%)
Fixed Fund Value	\$ 700	\$ 375
Variable Fund Value (Units*)	-	-
Pension	\$ 610	\$ 312
Supplemental Benefit	\$ 383	\$ 383
Total	<u>\$ 1,693</u>	<u>\$ 1,070</u>

Cash Balance Account

The estimated value of your Cash Balance account on 03/31/2024 is \$310,000.

The estimated present value of your TVA funded benefits which includes your Cash Balance Account and Supplemental Benefit is \$390,000.

Supplemental Benefit Calculation

The Supplemental Benefit is provided to eligible retirees and eligible surviving spouses receiving a monthly pension payment. This benefit may be used to help with the cost of retiree medical insurance and is considered a taxable portion of your monthly retirement benefit. The benefit shown below is based on your actual Retirement System service in whole years as of the retirement date used in this estimate. The current monthly Supplemental Benefit is equal to \$11.5757 for each full year of actual service plus an additional \$94.20. More information on the Supplemental Benefit can be found at www.tvvars.com.

\$11.5757	X	25	=	\$289.39
Current rate per month		Actual Service		
Additional monthly amount				\$94.20
Total monthly Supplemental Benefit				<u>\$383.59</u>

EXAMPLE

Fixed and Variable Funds

Prior to your termination date, you have the option of transferring your entire Fixed and Variable Funds balance to the 401(k) Plan. If you have not transferred your balance to the 401(k) Plan prior to retirement, you have three options at retirement regarding your balance in the Fixed and Variable Funds:

- Monthly benefit
- Total or Partial withdrawal
- Direct rollover, or any combination of these three

This estimate shows your monthly benefit from the Fixed and Variable Funds based on the values below and factors established by interest rates and mortality tables.

FIXED FUND

Fixed Balance as of 09/26/2023	\$	88,000.00
Additional Contributions		5,000.00
Additional Interest		2,500.00
Total Projected Value as of 4/5/2024	\$	95,500.00

VARIABLE FUND

Variable Fund as of 09/26/2023	\$	0.00
Additional Contributions		0.00
Growth in Market Value Based on 6%		0.00
Total Projected Value as of 4/5/2024	\$	<u>0.00</u>

Fixed and Variable Fund(s) Total

\$95,500.00

Survivor Benefit Options

The survivor benefit options offer you a variety of choices in designing a retirement benefit that provides both for you and your beneficiaries. Whether you are applying for an immediate or a deferred retirement benefit, you may choose from the following survivor options.

STANDARD OPTIONS

Maximum

The Maximum benefit with no survivor option provides a retirement benefit during your lifetime with the greatest amount of monthly income and no benefit payable upon your death. *This option might be suitable for someone who does not have family obligations or who is not receiving a monthly benefit from the Fixed and Variable Funds.*

Option 1 (Only available for Pre-96 employees)

Option 1 provides a reduced benefit during your lifetime with a possible lump-sum amount paid to your beneficiary or your estate upon death. The lump-sum amount is equal to the balance left in the Fixed and/or Variable Funds, if any, after deducting the total monthly payments received from this fund during retirement. *This option might be suitable for someone with Fixed and Variable Funds who does not have family obligations. Or if married, someone whose spouse will have his or her own retirement income.*

Option 2

Option 2 provides a reduced retirement benefit during your lifetime with the provision that upon your death, if your beneficiary is living, your beneficiary will continue to receive the same retirement benefit (exclusive of the level income plan) throughout his or her lifetime. *This option might be suitable for someone who has a spouse who does not have his or her own retirement income and would be totally dependent on a TVARS benefit, especially if there are still dependent children or perhaps a mortgage payment.*

Option 3

Option 3 provides a reduced retirement benefit during your lifetime with the provision that upon your death, if your beneficiary is living, your beneficiary will receive one-half of your retirement benefit (exclusive of the level income plan) throughout his or her lifetime. *This option might be suitable for someone who is married and is debt-free with no children or someone whose spouse has a small retirement to supplement what he or she would receive from a TVARS benefit.*

OPTION 4 CHOICES

Option 4 provides the flexibility to select a reduced retirement benefit during your lifetime by choosing alternative survivor benefits available from the System. Option 4 is usually used when a member feels that the standard options do not meet their unique needs. The following are the alternatives under Option 4 that have been approved by the TVA Retirement System Board.

Alternative Percentages Option

The Alternative Percentage option provides a reduced retirement benefit during your lifetime with the provision that upon your death, if your beneficiary is living, your beneficiary will receive a specified percentage of your retirement benefit (exclusive of the level income plan) throughout his or her lifetime. *This option might be suitable for someone who wants his or her beneficiary to receive a lifetime monthly benefit but the 100% is too much and the 50% option is not enough. Or this option may be suitable for someone whose spouse has his or her own retirement but would like him or her to receive the supplemental benefit.*

Pop-up Option

Under a standard survivor option, once the retirement benefit has been established to provide a continuing benefit, and your beneficiary dies before you, your monthly payments stay at the same reduced level. Under a Pop-up option, if your beneficiary dies before you, your retirement benefit is increased to the maximum benefit. *This option might be suitable for someone whose beneficiary has a significant health problem. Or it might be a good choice if gender or family history would predict you outliving your beneficiary.*

Full Cash Refund Option (Only available for Pre-96 employees)

The Full Cash Refund (FCR) option is available on the Fixed and/or Variable Funds if you elect to provide a monthly survivor benefit. The Full Cash Refund option provides a slightly reduced benefit with the provision that if any of your Fixed and/or Variable Fund balance(s) remains after your death and the death of your beneficiary, a refund is paid (similar to Option 1). *This option might be suitable for someone who wants to ensure that all of the Fixed and Variable Funds are paid out regardless of how long he or she lives after retirement.*

Interest Only Option (Only available for Pre-96 employees)

The Interest Only option is available only on the Fixed and Variable Funds. You would have to choose a different survivor option for the pension benefit. Payments through age 75 for the Fixed Fund or age 69 for the Variable Fund, consist of interest only on your balance at retirement. Should you die before these ages, the entire balance at retirement is paid to your beneficiary or beneficiaries. At age 76 for the Fixed Fund, or age 70 for the Variable Fund payments increase as interest and a portion of the principal is distributed. As principal is depleted, payments reduce as does the amount available to be paid at your death. Interest rates are 0.0067248 per month for the Fixed Fund, which compounds to 8 3/8% annually, and 0.0048675 per month, which compounds to 6% annually, for the Variable Fund. *This option might be suitable for someone with more than one beneficiary or someone who feels his or her beneficiary is prepared to handle a potentially large lump sum of money-much of which would be taxable.*

Pension Reserve Option

The Pension Reserve option is available only on the pension. You would have to choose a different survivor option if you have a balance in the Fixed and/or Variable Funds. The Pension Reserve option provides a reduced pension with a lump-sum amount paid to your beneficiary or your estate upon your death. The lump-sum amount is equal to the value of the pension benefit that you would have received had you lived your normal life expectancy. *This option might be suitable for someone with more than one beneficiary or someone who feels his or her beneficiary is prepared to handle a potentially large lump sum of money-all of which will be taxable.*

Death of Either Option

A standard survivor option provides a benefit to your beneficiary should they outlive you. The Death of Either (DOE) Option provides a benefit that will reduce to the specified alternative percentage upon the death of either your beneficiary or you. Full Cash Refund may be added to this option if you have a Fixed/Variable balance. *This option might be suitable for someone who is married and feels that regardless of who dies first, the survivor should receive the same reduced payment for his or her life.*

Life and Certain Option

The Life and Certain option provides a guaranteed minimum number of payments. Should you die before all payments have been received, the remaining payments continue to your beneficiary. Should you live beyond the guaranteed payment period, payments continue to you at the same rate during your lifetime with nothing payable at your death. Life and certain options may be in 5, 10, 15, and 20 year increments. *This option might be suitable for a single parent with a child just starting college. It would guarantee a number of years of continuing monthly payments to your beneficiary in the event you die shortly after retirement—before your child has finished school or is not yet self-sufficient.*

EXAMPLE

		Fixed	Variable	Pension	Total
	Max Amounts	800	0	935	1,735
		Fixed	Variable	Pension	Total
Standard	100%	700	0	610	1,310
Provides a specified percentage of your retirement benefit throughout your BENEFICIARY 's lifetime.	75%	725	0	615	1,340
	67%	738	0	620	1,358
	50%	750	0	625	1,375
	25%	775	0	635	1,410
With Full Cash Refund	100%	699	0	610	1,309
Provides a lump-sum payment of the remaining balance in the Fixed and/or Variable Funds, if any, after your death and beneficiary's death.	75%	724	0	615	1,339
	67%	737	0	620	1,357
	50%	749	0	625	1,374
	25%	774	0	635	1,409
With Pop-Up	100%	690	0	600	1,290
Provides an increase of your retirement benefits if your beneficiary dies before you. Your retirement benefit is increased to the maximum benefit.	75%	715	0	605	1,320
	67%	728	0	610	1,338
	50%	740	0	615	1,355
	25%	765	0	625	1,390
With Pop-Up and Full Cash Refund	100%	689	0	600	1,289
Combination of the Full Cash Refund && Pop-up	75%	714	0	605	1,319
	67%	727	0	610	1,337
	50%	739	0	615	1,354
	25%	764	0	625	1,389
Interest Only		642	0	0	642
Provides payments to you that consist of interest only on your Fixed and/or Variable Fund balance at retirement. Your beneficiary will receive lump-sum payment of balance.					
Pension Reserve		0	0	400	400
Provides a lump-sum payment to your beneficiary that is equal to the value of the pension benefit that you would have received had you lived your normal life expectancy.					
Option 1		770	0	0	770
Provides a lump-sum payment to your beneficiary of the remaining balance in the Fixed and/or Variable Funds, if any.					
Death of Either	75%	750	0	590	1,340
Provides a benefit that will reduce to the specified percentage upon the death of you or your beneficiary.	67%	760	0	680	1,440
	50%	770	0	880	1,650
Death of Either with Full Cash Refund	75%	749	0	590	1,339
Combination of the Death of Either and Full Cash Refund	67%	759	0	680	1,439
	50%	769	0	880	1,649
Life and Certain	5 Years	790	0	900	1,690
Provides a guaranteed minimum number of payments. Should you die before all payments have been received, remaining payments continue to your beneficiary.*	10 Years	770	0	800	1,570
	15 Years	750	0	700	1,450
	20 Years	730	0	600	1,330

* Age factors used for age with no months, may be slightly different when months are included.

Things to Consider

Spousal Consent at Retirement

If you are married and first hired after January 1, 1990, you must name your spouse to receive a pension benefit of either 100% or 50%, unless your spouse completes the Spousal Consent section on the Retirement Application.

Irrevocable Decision

The survivor option you choose at retirement can never be changed. In addition, the beneficiary you name to receive a continuing lifetime monthly benefit at your death can never be changed, even in the event of death or divorce.

Second Survivor Option

If you marry or remarry during retirement, you may elect a second survivor option and provide your new spouse a survivor benefit of Option 2 (100%) or Option 3 (50%). Any election to provide this survivor benefit will result in a reduction of your benefit. You have 90 days from the date of such marriage to elect a second survivor benefit. The election and actuarial reduction will be effective the first day of the month following the first anniversary of the marriage or remarriage. Previous survivor benefit elections will remain in effect for any designated beneficiary whose life expectancy has been used as a factor in determining the amount of your benefit.

Supplemental Benefit

The Supplemental Benefit is provided to eligible retirees and eligible surviving spouses receiving a monthly pension payment. This benefit may be used to help with the cost of medical insurance and is considered a taxable portion of your monthly retirement benefit.

Eligibility Requirements for Employees

- Actual Age 55 or older on your last day of employment with 10 years of TVARS (benefit begins immediately), **or**
- Actual Age 50 on your last day of employment with 10 years of TVARS service* and the employee receives an involuntary reduction-in-force notice (benefit begins at actual age 55)

Eligibility Requirements For Surviving Spouses

- The retiree must have been receiving or eligible to receive the Supplemental Benefit, **and**
- The surviving spouse must receive at least a 25-percent monthly pension benefit to continue receiving the supplemental benefit.

If you meet the eligibility requirements for the Supplemental Benefit prior to terminating your employment and elect a deferred retirement benefit, the Supplemental Benefit will be payable when you begin receipt of your monthly retirement benefit.

Calculation of the Supplemental Benefit

Eligible retirees who had 10 or more years of service as of 10/1/2016 will receive \$11.5757 per month for each **full year of actual System service at retirement**, with the minimum benefit being calculated for 10 years, plus an additional \$94.20 per month.

Eligible retirees who elected to waive pay credits to their Cash Balance Account as of 10/1/2018 will receive \$11.5757 per month for each **full year of TVARS service as of 10/1/2018**, with the minimum benefit being calculated for 10 years, plus an additional \$94.20 per month.

Eligible retirees who first became a member between 1/1/1996 – 6/30/2014 and had less than 10 years of TVARS service as of 10/1/2016 will receive \$11.5757 per month for each **full year of TVARS service as of 10/1/2016**. The additional benefit will be pro-rated based on years of service.

Members who are age 60 or older and eligible for cost-of-living adjustments (COLA) at age 60 may receive different amounts depending on the preceding COLAs. Please refer to your personalized retirement benefit estimates in PeopleGateway to determine the appropriate amount.

EXAMPLE

Immediate Benefit Estimate:

Projected Retirement Date:	12/30/2026	Retirement Benefit Structure:	Cash Balance
Date of Birth:	12/30/1966	SSN:	
Retirement System Service Date:	01/01/1985	Beneficiary Name:	Spouse
Age at Retirement:	60 years and 0 months	Beneficiary Date of Birth:	01/01/1970

The following is an estimate of your retirement benefits based on the data shown above. Additional information regarding these benefit options and how they were calculated is provided on the attachments. This is an estimate only based on information you have provided and on assumptions made about your planned retirement. It does not create any rights to a certain level of benefits. These benefits are subject to change at any time in accordance with the Rules and Regulations of the TVA Retirement System.

Projected Monthly Retirement Benefits without Level Income Plan

From 04/05/2024 for life	Maximum	Option 1	Option 2 (100%)	Option 3 (50%)
Fixed Fund Value	\$ 800	\$ 770	\$ 700	\$ 750
Variable Fund Value (Units*)	-	-	-	-
Pension	\$ 935	\$ 935	\$ 610	\$ 625
Supplemental Benefit	\$ 383	\$ 383	\$ 383	\$ 383
Total	<u>\$ 2,118</u>	<u>\$ 2,088</u>	<u>\$ 1,693</u>	<u>\$ 1,758</u>

Monthly Survivor Benefits payable upon your death

	Option 2 (100%)	Option 3 (50%)
Fixed Fund Value	\$ 700	\$ 375
Variable Fund Value (Units*)	-	-
Pension	\$ 610	\$ 312
Supplemental Benefit	\$ 383	\$ 383
Total	<u>\$ 1,693</u>	<u>\$ 1,070</u>

Cash Balance Account

The estimated value of your Cash Balance account on 03/31/2024 is \$310,000.

The estimated present value of your TVA funded benefits which includes your Cash Balance Account and Supplemental Benefit is \$390,000.

Supplemental Benefit Calculation

The Supplemental Benefit is provided to eligible retirees and eligible surviving spouses receiving a monthly pension payment. This benefit may be used to help with the cost of retiree medical insurance and is considered a taxable portion of your monthly retirement benefit. The benefit shown below is based on your actual Retirement System service in whole years as of the retirement date used in this estimate. The current monthly Supplemental Benefit is equal to \$11.5757 for each full year of actual service plus an additional \$94.20. More information on the Supplemental Benefit can be found at www.tvvars.com.

\$11.5757	X	25	=	\$289.39
Current rate per month		Actual Service		
Additional monthly amount				\$94.20
Total monthly Supplemental Benefit				<u>\$383.59</u>

Level Income Plan

The level income plan (LIP) is an optional plan intended to provide you with approximately the same amount of monthly retirement income before and after Social Security benefits are payable, assuming you begin receiving Social Security benefits at age 62. To be eligible for the optional LIP at retirement, you must be eligible for a future Social Security benefit and be younger than age 62.

TVARS estimates what your Social Security benefit will be at age 62. Based on that amount, your monthly pension benefit will be temporarily increased until age 62 when you become eligible to receive Social Security benefits. Then, at age 62, the temporary increase STOPS and you begin payment it back with a permanently reduced pension benefit for the rest of your life. The reduction begins the month after you turn age 62, regardless of whether you choose to begin receiving Social Security benefits at that time. Essentially, your retirement check will be reduced by the amount you are expected to receive from Social Security.

The LIP increase and reduction amounts are set at retirement based on an estimate of your age 62 Social Security benefit and actual age at retirement. The estimate is based on the assumption that you do not work after retirement and do not make additional contributions to Social Security. If you work and receive a higher Social Security benefit at age 62 as a result, the higher Social Security benefit does not affect the amount of the reduction in the TVA pension benefit when you turn age 62.

To accurately estimate your Social Security benefit, your total earnings history is needed. If you have not provided us with a complete record of your earnings before your TVA employment, please forward a copy of your Social Security Statement to the TVA Retirement System.

Example of Level Income Plan Option:

Assumptions

Member's actual age:	60
Member's monthly Pension:	\$1,000
Estimated age 62 Social Security benefit:	\$1,200
Member's <u>temporary</u> increase:	\$1,000
Member's <u>permanent</u> reduction:	\$200

Monthly Benefit **Before Age 62** if LIP is Elected

Monthly Pension:	\$935
Temporary LIP Increase:	<u>\$1,000</u>
Total Monthly Benefit:	\$1,935

Monthly Benefit **Before Age 62** if LIP is NOT Elected

Monthly Pension:	\$935
Temporary LIP Increase:	<u>\$ 0</u>
Total Monthly Benefit:	\$935

If the LIP is elected, two adjustments will be made to the monthly benefit at age 62:

- The temporary increase in the monthly pension stops. In our example, this would be \$1,000 per month.
- A permanent reduction in the pension begins. In our example, this would be \$200 per month.

Monthly Benefit **After Age 62** if LIP is Elected

Monthly Pension:	\$935
Increase Stops:	\$ 0
Reduction Begins:	<u>\$(200)</u>
Benefit from TVARS:	\$735
Social Security:	<u>\$1,200</u>
Total Monthly Benefit:	\$1,935

Monthly Benefit **After Age 62** if LIP is NOT Elected

Monthly Pension:	\$935
Increase Stops:	\$ 0
Reduction Begins:	<u>\$ 0</u>
Benefit from TVARS:	\$935
Social Security:	<u>\$1,200</u>
Total Monthly Benefit:	\$2,135

EXAMPLE

Projected Monthly Retirement Benefits with Level Income Plan

The Level Income Plan (LIP) is an optional plan intended to provide you with approximately the same amount of monthly retirement income before and after Social Security benefits are payable, assuming you are eligible for and begin receiving Social Security benefits at age 62. The optional LIP temporarily increases your pension benefit until age 62, at which time the TVA pension benefit is permanently reduced for life.

From 04/05/2024 to age 62	Maximum	Option 1	Option 2 (100%)	Option 3 (50%)
Fixed Fund Value	\$	\$	\$	\$
Variable Fund Value (Units*)	-	-	-	-
Pension	\$ 935	\$ 935	\$ 635	\$ 615
Supplemental Benefit	\$	\$	\$	\$
LIP Increase (Optional)	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Sub Total	<u>\$ 1,935</u>	<u>\$ 1,935</u>	<u>\$ 1,635</u>	<u>\$ 1,615</u>
At age 62				
LIP increase stops	\$ -1,000	\$ -1,000	\$ -1,000	\$ -1,000
LIP reduction begins	\$ -200	\$ -200	\$ -200	\$ -200
Total From TVARS	<u>\$ 735</u>	<u>\$ 735</u>	<u>\$ 435</u>	<u>\$ 415</u>
Estimated Age 62 SS Benefit	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Total	<u>\$ 1,935</u>	<u>\$ 1,935</u>	<u>\$ 1,635</u>	<u>\$ 1,615</u>

Cost-of-Living Adjustment

Cost-of-living adjustments (COLA) are applied to the base pension portion of the monthly pension benefit, excluding the LIP increase or reduction. The supplemental benefit may also receive COLAs. However, the total monthly rates shall not exceed \$12.3657 per month for each full year of TVARS service and \$150 per month for the additional benefit. Any adjustment is normally granted in January and is equal to the change in Consumer Price Index (CPI-U) minus .25% up to a maximum of 6%.

- If you were age 50 or older as of October 1, 2016, you are eligible to receive any COLA the January after reaching actual age 60.
- If you were under age 50 as of October 1, 2016, you are eligible to receive any COLA the January after reaching actual age 65.

For more information on the COLA, please read the COLA Frequently Asked Questions (FAQ) at tvars.com under Forms and Documents.

Federal Employees' Group Life Insurance

Federal Employees Group Life Insurance (FEGLI) can be continued after retirement if you meet the following criteria:

- You retire with an immediate retirement benefit, and
- You have been enrolled in Basic Life coverage for five years prior to retirement, or from the first time coverage was available to you.

Choices for Basic Life Coverage:

FEGLI Basic Life (Base salary at retirement rounded up to next \$1,000 plus \$2,000)

75-Percent Reduction

Amount of insurance reduces 2% per month beginning at age 65 to a minimum of 25% of basic insurance amount. Premiums stop at age 65.

50-Percent Reduction

Amount of insurance reduces 1% per month beginning at age 65 to a minimum of 50% of basic insurance amount.

No Reduction

100% of basic insurance is retained.

Choices for Optional Coverage:

If you continue your Basic Life coverage, you may retain your optional coverage if you have been enrolled in the optional coverage for five years prior to retirement, or from the first time coverage was available to you. However, additional premiums are required. For a detailed schedule of rates, please refer to your FEGLI worksheet.

Option A

Coverage:

Standard \$10,000

Coverage remains \$10,000 until age 65

Reduces 2% per month beginning at age 65 until amount reaches \$2,500

Cost depends on age, premiums stop at age 65

Option B

- With Full Reduction

Coverage:

Salary rounded to the next thousand, times a multiple of 1 to 5

Coverage remains the same until age 65

Reduces 2% per month beginning at age 65 until coverage reaches zero

Cost depends on age, premiums stop at age 65

- With No Reduction

Coverage:

Salary rounded to the next thousand, times a multiple of 1 to 5

Coverage does not reduce

Cost depends on age and continues for life

Option C (Family Coverage)

- With Full Reduction

Coverage:

\$5,000 for spouse; \$2,500 per eligible child—up to 5 multiples each

Coverage remains the same until retiree reaches age 65

Reduces 2% per month beginning at age 65 until coverage reaches zero

Cost depends on retiree's age; premiums stop at age 65

- With No Reduction

Coverage:

\$5,000 for spouse; \$2,500 per eligible child—up to 5 multiples each

Coverage does not reduce

Cost depends on retiree's age and continues for life

401(k) Plan Options

At retirement, participants are encouraged to leave their money in the TVA 401(k) Plan. With low-cost fees, many investment options, and flexibility, participants can customize a plan for how their 401(k) Plan balance will be used during their retirement years. The TVA 401(k) Plan has been recognized twice by PLANSPONSOR, a leading national publication, as “Best in Class”. Participants also have access to complimentary one-on-one meetings with two Fidelity Workplace Financial Consultants, who can help with overall retirement planning.

For more information on your 401(k) Plan options at retirement, please refer to the “Five Steps to Planning a Healthy Retirement”, available on the 401(k) Plan page of the TVARS website under Tools and Documents or by using this link: **401(k) Plan**. As you plan for retirement, this publication will help with identifying your income sources, estimating your retirement expenses, bridging the gap, learning about your distribution options and keeping more of what you’ve earned.



- **Leave money in the Plan** -- You may leave your money in the Plan until April 1st of the calendar year after the year in which you reach age 73, at which time you must receive the minimum distribution as required by the IRS. The required minimum distribution is calculated so that your entire interest in the 401(k) Plan would be paid out over your life expectancy or over the joint life expectancies of you and your designated beneficiary.
- **Systematic withdrawal payments** -- You may elect to receive systematic withdrawal payments (SWP) from the 401(k) Plan at retirement regardless of your age. Ordinary income taxes will apply on any SWP from the plan. In addition, SWP's may be subject to a 10% early distribution penalty. When you choose a systematic withdrawal plan, you have direct control over your income payments. Your payments can be in an amount or percent you specify, over a specified time frame or calculated for you based on your life expectancy.
- **LifePath Paycheck annuity** -- You may elect an annuity that provides you with a lifetime income stream. For more information, please refer to the LifePath Paycheck Resources page on tvars.com under 401(k) Plan.
- **Direct rollover** -- You may elect to have all or part of your funds directly rolled over to an IRA or other qualified plan. In this case, there will be no income tax withholding and no tax liability until funds are withdrawn from the IRA or other qualified plan.
- **Lump sum withdrawals** -- You may have all or part of the funds paid directly to you. The taxable distribution will be subject to an automatic 20% income tax withholding. Under certain situations, the taxable distribution may also be subject to an additional 10% tax penalty.

If the funds were contributed on an ***after-tax basis and if you first became a TVARS member before January 1, 1996***, you have an additional choice available at retirement to **transfer all or part of the funds to the System** to provide monthly payments.

Additional Information

How To Contact the TVA Retirement System:

Mailing Address:

TVA Retirement System
400 West Summit Hill Drive
Knoxville, TN 37902-1499

E-mail Address:

tvars@tva.gov

Phone Numbers:

Retirement Representatives:
Fax:

800-824-3870
865-632-8591

SharePoint Site:

<https://tvacloud.sharepoint.com/sites/tvarsben/>

- Request retirement benefit estimates
- View publications and planning calculators

TVA Retirement System's Website:

www.tvars.com

- TVA Retirement System announcements
- Factor tables for retirement calculations
- Original Benefit Structure information
- Cash Balance Account information
- 401(k) Plan page with tools, documents and a link to LifePath Paycheck Resources
- TVA Retirement System forms and publications
- Link to Fidelity NetBenefits internet website for 401(k) and Fixed and/or Variable Funds info:
 - ◊ Retirement planning calculators
 - ◊ View balances and chart savings
 - ◊ Change payroll deductions and investment elections
 - ◊ Obtain fund quotes and market updates
 - ◊ View loan information
 - ◊ Transfer between Fixed and Variable Funds

For Information About Medical and Other Benefit Plans:

Contact HR Customer Solutions

Phone: 888-275-8094

Other Numbers of Interest:

Social Security Administration:

800-772-1213

Fidelity Investments:

800-354-7121

CONSIDERATIONS WHEN CHOOSING A RETIREMENT DATE

- **Beginning of the month:** Current employee benefits are in effect at the employee rate through the end of the month in which employment ends.
- **End of a pay period:** Leave is not earned until you have credit for a full pay period. An employee is considered to have been employed for a full pay period if he/she is on the payroll for all scheduled workdays during the pay period. For example, the end of a pay period for many employees would be the end of their work schedule on Friday.
- **End of the leave year:** Annual leave hours exceeding 240 are forfeited at the beginning of the leave year.
- **No later than December 30:** Cash Balance participants who meet the age requirement need to retire by December 30 to receive the January cost-of-living-adjustment.
- **TVA anniversary date:** TVA service milestones are based on full years of service.
- **TVARS anniversary date:** TVARS service milestones are based on full years of service.

MILESTONES TO CONSIDER

<u>AGE</u>	<u>+</u>	<u>SERVICE</u>	<u>= BENEFIT</u>
50		5 TVA	May continue TVA medical insurance if hired before 1/1/05
55		10 TVA	May continue TVA medical insurance if hired on/after 1/1/05
55		10 TVARS	Eligible for TVARS Supplemental Benefit (SPB)
55		20 TVA	Eligible for TVA Health Care Credit if also eligible for TVARS SPB
55			No penalty on 401(k) distributions if at least 55 in year you retire
59-1/2			No restrictions on 401(k) distributions until 73
60			Cost-of-living adjustments begin January after reaching age 60 if age 50 or older as of 10/1/2016
65			Cost-of-living adjustments begin January after reaching age 65 if under age 50 as of 10/1/2016
62			Early Social Security benefits may commence
65-67			Maximum Social Security benefits depending on your date of birth

Notes:

(1) If an OBS participant age 60 or older as of December 31 retires after January 1, their pension will be at least as much as it would have been on January 1 with the COLA.

(2) These milestones are based on routine/normal retirement situations. Unusual circumstances, such as involuntary reductions in force or disability retirements, may affect eligibility criteria and actual benefits provided.

Pre-Retirement Planning

- ☐ Visit the [TVARS SharePoint](#) to request a retirement estimate.
- ☐ Schedule a meeting with a Fidelity Workplace Consultant by visiting [Home - Tennessee Valley Authority \(fidelity.com\)](#).

Preparing for Retirement

- ☐ Schedule a meeting with a Retirement Consultant within a year of retirement to learn more about your retirement benefit options.
- ☐ Submit a retirement application to tvvars@tva.gov. The following applications are available on www.tvvars.com:
 - RS-IMMRET for immediate monthly benefits
 - RS-179 for a lump-sum payment or rollover(to IRA)
 - RS-DEFRET for deferred retirement benefits
- ☐ Verify your 401(k) Plan beneficiary in Fidelity Net Benefits by selecting “Profile”, then “Beneficiaries”.
- ☐ Review “Benefits Summary for Terminating Employees” in PeopleGateway for important information and forms regarding medical, dental, and life insurance.
- ☐ Open a “Leaving TVA” case in PeopleGateway by selecting “Career & Recruiting”, then “Leaving TVA”.
- ☐ To continue medical coverage, open a “Benefits Inquiry” case in PeopleGateway and attach the Retiree Medical Application (TVA Form 17328). Form must be received within 30 days after termination.
- ☐ To enroll in the Retiree Dental Plan, submit TVA Retiree Enrollment Form directly to Delta Dental no later than 30 days after employment ends.
- ☐ Contact Long Term Care Partners at 800-582-3337 if you wish to continue payroll deductions for your Federal long-term care insurance. Use Payroll Office Identifier No. 64909901.

Additional Information

If your retirement application is not received within 60 days after your termination date, you will be subject to a default deferred retirement benefit with payments scheduled to begin no later than age 65.

If you have questions regarding Retiree Health Care Benefits (including TVA Medical Plans, Medicare, Via Benefits, and Health Reimbursement Accounts), please open a “Benefits Inquiry” case in PeopleGateway or call 888-275-8094.

For information regarding retiree organizations outside of TVARS:

- Visit www.mytvara.org to find out how you can stay involved and informed with the TVA Retirees Association. TVA pays your dues for the first year of retirement.
- Visit www.mybvi.org for ways TVA retirees can get involved in volunteer work, TVA contract work, and FEMA work.

Contact Us

Website: www.tvvars.com
(from work or home)

Email: tvvars@tva.gov

Phone: 800-824-3870

Fax: 865-632-8591

TVA Mail: TVA Retirement System,
WT 8A-K

Near Retirement

- Complete retirement application prior to last day of employment, but no later than 60 days after
- Open a case in PeopleGateway by selecting "Career & Recruiting", then "Leaving TVA"
- To continue medical coverage, open a "Benefits Inquiry" case in PeopleGateway and attach the Retiree Medical Application (TVA Form 17328). Form must be received within 30 days after termination
- Verify your beneficiary and personal email address in Fidelity NetBenefits

Last TVA Paycheck

- Last employee straight-time direct deposit
- Paid on the following Monday payday after employment ends
- A paper copy of your last W2 will be mailed to your home address at the beginning of the following year

TVA-Related Payments

- Final TVA payment may include overtime, unused annual leave, and/or severance pay
- Paid on the 2nd or 3rd Monday payday after employment ends
- For more information on your TVA-related payments, including annual leave, last employee payment/statement, severance pay, and/or Winning Performance, contact Financial Shared Services at payroll@tva.gov

1st Retirement Payment

- Paid 6-8 weeks after employment ends
- Payment is retroactive to the last day of employment
- For more information, contact the TVA Retirement System at tvars@tva.gov or 800-824-3870
- Following your first direct deposit, information will be mailed to your home address regarding online account setup with the Bank of New York Mellon, who processes TVARS monthly payments

2nd Retirement Payment

- Paid on the last business day of the same month you receive your 1st retirement payment
- Full month payment
- May include 1-2 deductions for medical insurance
- For more information on retiree medical insurance, please call 888-275-8094

On-Going

- Monthly retirement benefit payments are deposited on last business day of each month
- You will receive a direct deposit statement via mail each January and in any month your deposit amount changes for any reason
- For address, direct deposit, or tax withholding changes, please access your online account with BNY Mellon or contact BNY Mellon at 844-545-1256

Every effort has been made to ensure the accuracy of this information. This booklet does not create any rights to benefits other than those available under the provisions of the applicable plan. Therefore, you should not rely solely upon this information when making a decision to retire. Should there be any conflict between the information provided here and the provisions of the various plans, the plan provisions and not this booklet shall be controlling.