Fixed and Variable Funds Information

The Fixed and Variable Funds are after-tax investment options consisting of your contributions and the earnings on those contributions. The Fixed Fund earns a specified rate of interest with interest earnings credited to account balances on a daily basis. The Variable Fund is invested in the Spartan 500 Index Fund-Institutional Class. A fund prospectus is available upon request. This fund is publicly traded and reports its net asset value on a daily basis. Overall fund administration is handled by Fidelity Investments.

**Fixed Fund Interest Rates for Employees . . .**
- The Fixed Fund earns 6% interest.

**While you are employed with TVA . . .**
- You may make payroll deduction contributions to the Fixed and Variable Funds, unless you transferred your funds to the 401(k) Plan on or after May 1, 2005. To initiate or change the amount of your payroll deduction contributions, contact Fidelity Investments online at [www.mysavingsatwork.com](http://www.mysavingsatwork.com) or by phone at 800-354-7121.
- You may allocate your contributions between the Fixed and Variable Funds in any whole percentages you choose. You must contact Fidelity Investments to change fund allocations.
- You may also be eligible to make a lump-sum contribution to the Fixed and Variable Funds once per calendar month. Contact the TVA Retirement System for instructions and allowable limits.
- Your contributions to the Fixed and Variable Funds may not exceed $10,000 annually. In addition, under IRS rules, all contributions to the Fixed Fund, Variable Fund, and 401(k) Plan, including TVA matching contributions to the 401(k) Plan, may not exceed the lesser of $52,000 or 100% of your calendar year-to-date compensation for 2014. If you are age 50 or over and make “catch-up” contributions to the 401(k) Plan under IRS rules, these catch-up contributions do not count toward IRS limits. Contributions are deducted from your biweekly pay in the following order until your election amounts or allowable limits are reached: (1) 401(k) before-tax, (2) 401(k) Roth, (3) 401(k) after-tax and (4) Fixed and Variable Funds.
- You may transfer between the Fixed and Variable Funds once per calendar month.
- You may transfer your total Fixed and Variable Funds to the 401(k) Plan any time during employment, but, if you transfer on or after May 1, 2005, you will not be eligible to make future contributions to the Fixed and Variable Funds.

**When your employment ends . . .**

**If you first became a TVARS member before January 1, 1996:**
- You may transfer any whole percentage between the Fixed and Variable Funds.*
- You may elect to receive all or some portion of your Fixed and Variable Funds as a lifetime monthly benefit from TVARS. The monthly benefit may be entirely from the Fixed Fund, entirely from the Variable Fund, or some portion from each.
- You may withdraw any whole percentage of your Fixed and Variable Funds.**
- You may elect to have any whole percentage of your total Fixed and Variable Funds (both the taxable and nontaxable portions) paid in a direct rollover to an IRA or to another employer’s retirement plan which accepts after-tax balances, or you may specify any percentage of only the taxable portion for a rollover.**
- You may elect to transfer any whole percentage or whole dollar amount of your after-tax 401(k) Plan balance to the Fixed and Variable Funds.
- Your Spartan shares are converted to Variable Fund units.

**If you first became a TVARS member on or after January 1, 1996:**
- You will have up to 60 days to withdraw or roll over your Fixed and Variable Funds. After 60 days, the Fixed Fund will cease to accrue additional interest.
- You must either withdraw in a lump sum or roll over your total Fixed and Variable Funds.

In processing the above elections, the TVA Retirement System will calculate the value of your Variable Fund account as soon as administratively possible after the date we receive your retirement application or the date we receive official notification that your employment has terminated, whichever is later.*

* You may wish to consider using your once per calendar month opportunity to transfer your Spartan shares to the Fixed Fund just prior to retirement in order to have more timely knowledge of the net asset value that will be used to calculate the value of your Variable Fund account (and therefore your monthly retirement benefit).** You should review tax information available from the TVA Retirement System before electing either of these options.
After your employment ends . . .

- You are no longer eligible to contribute to the Fixed and Variable Funds.
- If you are eligible to receive a TVARS monthly retirement benefit from these funds, you may transfer your total balance between the Fixed and Variable Funds once every 12 months. Contact the TVA Retirement System to request an estimate of how this transfer would affect the amount of your TVARS monthly retirement benefit.

If you defer your retirement and are eligible to receive a TVARS monthly retirement benefit from these funds . . .

- Prior to the time you begin receiving a retirement benefit, you may continue to transfer between funds once each calendar month until retirement benefits begin.
- Contact Fidelity Investments to check account balances (800-354-7121 or www.mysavingsatwork.com).
- Your Fixed Fund will earn a specified rate of interest with interest earnings credited to account balances on a daily basis.
- Your Variable Fund continues to be invested in Spartan.
- After you begin receipt of your retirement benefits, you should contact the TVA Retirement System if you wish to transfer between funds (limited to once every 12 months).

Share Values, Account Balances, Fund Transfers, and Fund Allocations . . .

- Contact Fidelity Investments to check share values or account balances, to request transfers between funds, or to change payroll deduction fund allocations (800-354-7121 or www.mysavingsatwork.com). Your Username and Password are necessary for you to access your account 24 hours per day/7 days per week online or via the Fidelity Investments Automated Phone Service line. This information is also available from a Fidelity Retirement Services Representative during regular business hours.
- You may transfer any whole percentage between the Fixed and Variable Funds once per calendar month. Requests received by Fidelity Investments by 4 p.m. (Eastern) will be processed at that day’s closing net asset value.
- Requests for transfers to the 401(k) Plan are handled by the TVA Retirement System (complete form RS-114). Transfers take place biweekly using the net asset value established by Fidelity Investments on the day the transfer occurs.

How To:

Contact TVA Retirement System:
Phone: 865-632-2672 or 800-824-3870
E-Mail: retsvcs@tva.gov
Fax: 865-632-8591
Mail: WT 8A-K
Website: www.tvars.com

Contact Fidelity Investments:
Phone: 800-354-7121
Website: www.mysavingsatwork.com
(A link is also available from the TVA Retirement System website.)