

News Release

For Immediate Release

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Tennessee Valley Authority Retirees Coalition Urges Members of Congress to Protect TVA Pension Plan Participants

Retirees Concerned that Pension Plan Is \$6 Billion Underfunded

BOWLING GREEN, KY (March 2, 2016) The Tennessee Valley Authority Retirees Coalition (TVARC) has urged members of Congress to take action to protect the Tennessee Valley Authority (TVA) pension plan participants from potential economic disaster due the \$6 billion underfunding of the TVA pension plan.

“We have sent a letter on to 125 members of Congress requesting that hearings be held and to take steps to convert the TVA pension plan to a plan protected by the Employee Retirement Income Security Act (ERISA),” said Mike Moseley, TVARC President. “The 35,000 TVA retirees and employees deserve the federal safety net afforded to other private sector pension plans since TVA operates like a business and not a quasi-governmental agency.

Moseley said the letter drafted by leaders of the TVARC and the National Retiree Legislative Network (NRLN) was sent on February 29 to members of Senate and House committees that have responsibility for TVA oversight, the TVA congressional caucus and the U.S. Senators and Representatives in the TVA seven-state region, Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee and Virginia.

The letters went to the Chairmen and Ranking Members of the Senate Environment and Public Works Committee and House Transportation and Infrastructure Committee plus all members of the Senate Subcommittee on Clean Air and Nuclear Safety and the House Subcommittee on Water Resources and Environment. Twenty-four members of the TVA congressional caucus were sent the letter. The letter also went to the 14 U.S. Senators and 64 U.S. Representatives in the TVA’s seven states territory.

“We expect these members of Congress who have a responsibility to oversee TVA operations to become engaged providing protection for our pension plan under federal law and encourage TVA executives and board members to adequately fund our pension plan that is funded at only 53 percent,” Moseley said.

Moseley noted that the TVA, formed by Congress in 1933, has changed significantly in recent years and the retirees and workers should have greater protection than the Tennessee Valley Authority Retirement System (TVARS) whose recommendations for pension plan funding is at the mercy of TVA executives and its nine-member board of directors.

“The TVA has lost its moral compass for the retirees and workers who have built the organization,” Moseley said. “This has led to an increased focus on corporate net income, excessive ex-

ecutive bonuses, a Supplemental Executive Retirement Plan (SERP) plan that is fully funded, and the CEO who is one of the highest paid federal employees, reported to have received a \$6 million a year compensation package.”

Moseley explained that at the end of fiscal year 2015, the TVA pension plan had obligations of \$12.8 billion and assets of \$6.8 billion, a \$6 billion shortfall.

“TVA’s response has been to propose benefit cuts, to increase the matching percent for 401k plan contributory participants and to fund obligations at \$275 million a year for 20 years,” Moseley said. “This is totally inadequate to meet TVA’s past promises of a secure retirement income.”

The TVA pension plan was exempted from protections afforded by the Civil Service Retirement System (CSRS) and later the Federal Employee Retirement System (FERS) and instead is governed by rules set forth by TVARS and its board, acting as an independent entity charged to represent plan participants as their trustee and fiduciary. In 1974, when ERISA was enacted, Congress exempted the TVA pension plan on the basis that TVA was a public agency, despite the fact that plan participants were in a single-employer defined benefit plan.

About Tennessee Valley Authority Retirees Coalition

The Tennessee Valley Authority Retirees Coalition (TVARC), a chapter of the National Retiree Legislative Network (NRLN) was formed out of retirees’ concerns that their TVA pension plan has only 53 percent of the assets necessary to meet the pension benefits promised to retirees and employees. TVARC’s objective is to convince TVA executives and board and the TVA Retirement System (TVARS) board of the importance of developing a realistic strategy to adequately fund the TVA pension plan. The NRLN is a Washington, D.C. based nonpartisan, non-profit organization representing more than 2 million retirees and future retirees from 168 different companies and public entities,