

## Pension Payment Option Decision Worksheet



# Pension Payment Option Decision Worksheet



If you have a pension, you may have to choose among various payment options.

Inputs for quantitative analysis *(Please include the joint and survivor option most likely to be chosen, if applicable.)*



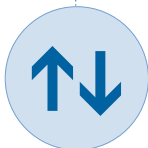


Participant's name: _____	Survivor's name: _____
Participant's date of birth: __/__/____	Survivor's date of birth: __/__/____
Participant's life expectancy: _____	Survivor's life expectancy: _____
Assumed interest rate: _____%	
Lump-sum amount: \$ _____	As of date __/__/__ or age: _____
Single-life annuity monthly amount: \$ _____	As of date __/__/__ or age: _____
Joint and survivor annuity monthly amount: \$ _____	As of date __/__/__ or age: _____
Joint and survivor percentage: _____%	

Other options (e.g., income leveling, pop-up, period certain, other joint and survivor options): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



## Qualitative factors to consider

Lump Sum Rolled Over to IRA	VS	Annuity
<p><b>Longevity risk:</b></p> <ul style="list-style-type: none"> <li>You (and your survivor) may outlive your savings.</li> <li>You are willing to stick to a conservative withdrawal rate to help savings last longer.</li> </ul>		<p><b>Inflation risk:</b></p> <ul style="list-style-type: none"> <li>If your pension does not increase with inflation, your payments will not provide the same standard of living in the future.</li> <li>You have other investments that may keep pace with inflation.</li> </ul>
<p><b>Market risk:</b></p> <ul style="list-style-type: none"> <li>You bear the market risk.</li> <li>Withdrawing principal in a down market may exhaust your savings.</li> <li>A sound retirement income plan may help you weather a storm.</li> </ul>		<p><b>No market risk to you:</b></p> <ul style="list-style-type: none"> <li>The pension plan bears the market risk.</li> <li>The plan is responsible for paying you and your survivor an annuity, regardless of how long you live.</li> </ul>

## Qualitative factors to consider *continued*

Lump Sum Rolled Over to IRA	VS	Annuity
<p><b>Investment management:</b></p> <ul style="list-style-type: none"> <li>You (and your survivor) are comfortable with investment management and have a trusted investment advisor.</li> </ul>		<p><b>You manage your money:</b></p> <ul style="list-style-type: none"> <li>You (and your survivor if taking a joint and survivor annuity) prefer to rely on the pension plan income as the conservative component of your retirement savings.</li> <li>You (and your survivor) can match annuity income to cover necessary expenses, such as housing and food, although payments may not keep up with inflation over time.</li> </ul>
<p><b>Flexibility of withdrawals:</b></p> <ul style="list-style-type: none"> <li>You (and your survivor) wish to take distributions as needed or defer distributions and let the money grow.</li> <li>A lump-sum distribution rolled over to an IRA continues tax deferral.</li> <li>Required minimum distributions (RMDs) must be taken at age 70½.</li> </ul>		<p><b>Certainty of income:</b></p> <ul style="list-style-type: none"> <li>Benefits will be paid as long as you live (and for the life of your survivor if taking a joint and survivor annuity).</li> <li>Some pensions may allow an income-leveling option that will pay a higher benefit earlier in retirement, then pay a lower benefit once social security or railroad retirement benefits are available.</li> </ul>
<p><b>Control of taxation:</b></p> <ul style="list-style-type: none"> <li>You (and your survivor) want control of when to take distributions from your retirement plans (except for RMDs at age 70½).</li> </ul>		<p><b>No taxation sometimes possible:</b></p> <ul style="list-style-type: none"> <li>Some states do not levy income taxes on pension income.</li> </ul>
<p><b>Other savings:</b></p> <ul style="list-style-type: none"> <li>You have other income streams, such as other pensions, social security, rental income, jobs, and so forth.</li> <li>You want to invest your lump-sum payout to hedge against inflation or to fund lifestyle needs.</li> </ul>		<p><b>Other savings:</b></p> <ul style="list-style-type: none"> <li>Knowing that you have a reliable pension income may allow you to feel more comfortable allocating other savings in growth-oriented investments.</li> </ul>
<p><b>Default risk:</b></p> <ul style="list-style-type: none"> <li>A portfolio invested too conservatively may be subject to default risk.</li> <li>The issuers of corporate and municipal bonds can become insolvent.</li> <li>A diversified portfolio can reduce the risk or impact of default.</li> </ul>		<p><b>Default risk:</b></p> <ul style="list-style-type: none"> <li>Pension benefits above the Pension Benefit Guaranty Corporation's (PBGC) maximum guaranteed benefit may not be protected.</li> <li>Public pensions do not have PBGC guaranty.</li> </ul>

## Qualitative factors to consider *continued*

Lump Sum Rolled Over to IRA	VS	Annuity
<p><b>Legacy wishes/charitable intent:</b></p> <ul style="list-style-type: none"><li>• Any retirement account balance can be left to heirs or charity.</li></ul>		<p><b>Legacy wishes/charitable intent:</b></p> <ul style="list-style-type: none"><li>• Pension annuities offer limited options to pass on your pension benefits to heirs other than your spouse.</li></ul>
<p><b>Marital status:</b></p> <ul style="list-style-type: none"><li>• Some plans may not allow a nonmarried partner to be a joint survivor on an annuity.</li></ul>		<p><b>Marital status:</b></p> <ul style="list-style-type: none"><li>• The default option for a married participant is a joint and survivor annuity. Other options may be available if your spouse gives his or her written consent.</li></ul>

## Important resources and more information

We can review your situation and help you determine which pension payment option may be most appropriate based on your personal circumstances.

Always consider your and your spouse's current health, family health and longevity history, tax brackets, and other retirement assets, as well as your lifestyle needs when making your pension decision.

Ask your pension plan administrator for a summary plan description (SPD) of the plan for important details about your benefits. Obtain several pension plan payment estimates at different ages and survivor options. Deferring your benefits a few years can result in an increase in benefits.

For more information on the Pension Benefit Guaranty Corporation, visit [www.pbgc.gov](http://www.pbgc.gov).



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**Waltham Office**

29 Sawyer Road  
Waltham, MA 02453-3483  
Toll-Free: 866.462.3638  
Phone: 781.736.0700  
Main Fax: 781.736.0793

**San Diego Office**

110 West A Street, Suite 1800  
San Diego, CA 92101-3706  
Toll-Free: 866.462.3638  
Phone: 619.471.9700  
Main Fax: 619.471.9701

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