Good Hands℠ **Retirement**

Manage

Pension Payout Options

Currently, tens of millions of American workers and retirees are covered under traditional pension plans. Under this type of plan, the employer makes all contributions to the plan. When they retire, employees are required to make a choice about how they want to receive benefits.

When it comes to selecting how to receive payments from a traditional pension plan, making a wise decision may be important to your — and your spouse's — future financial security.

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Basic Options

Married individuals have at least two options for receiving benefits. The person qualifying for the pension can elect to receive benefits over his or her lifetime only or to collect a reduced monthly amount over both spouses' lifetimes. The simple lifetime benefit is larger. However, benefits stop when the participant dies, potentially leaving the surviving spouse with little or no income.

Lump Sum Payouts

Some pension plans allow retirees to take their benefit as a lump sum payment. This can be suitable for retirees who want to invest their money elsewhere. It also may be a wise choice if the pension plan is not insured by the Pension Benefit Guaranty Corporation (for example, some professional service company plans or plans sponsored by nonprofits) or if there is concern about the plan's continuing viability. And a lump sum payment is sometimes recommended for retirees whose health is uncertain.

Other Options

The plan may have other payment options as well.

Payments Over a Specified Term. The plan may allow retirees to take monthly pension fund payments for a fixed number of years. The monthly pension benefit may be larger with this option, but payments will stop when the fixed term ends.

Joint-and-Survivor Option. The plan may offer a joint-and-survivor option. With this option, the retiree receives one monthly amount for life, and the retiree's spouse receives a smaller monthly amount if the retiree dies first.

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