THE INVESCO Alternative

Dedicated to helping you ...

... Achieve Financial Independence

Number 169 Wealth Management - Estate Planning - IRA's November 10, 2012

Registered Investment Advisors - Certified Public Accountants - Real Estate Brokers
INVESCO, LLC - 1295 Rand Road, Des Plaines, Illinois, 60016 - (847) 824-4078

Got A Pension Offer?

Have you recently been offered a pension buyout from a previous employer? Are you unsure whether to take a lump-sum payout, or a series of regular periodic payments for life? Most often you have to make a one-time irrevocable decision on how you want to receive benefits.

Regular periodic payments for life is a life annuity. These annuities are not typically adjusted for inflation, so you may lose purchasing power over time. If you "annuitize" your entire benefit, you won't have access to a lump sum should you ever need it.

The one-time lump-sum payment is determined using interest rate and life expectancy assumptions. It equals the total of your expected lifetime annuity payments, discounted to today's dollars. Lump sums can give you more flexibility with your money. You decide how to invest it and can use it when and how you want. You can even keep the money growing tax-deferred for your beneficiaries. When you take a lump sum you should consider directly rolling it into an IRA to avoid a taxable event. A direct rollover from your employer to your IRA provider (trustee-to-trustee) is the best way to preserve the tax-deferred status of your pension money.

So if this opportunity comes your way, call us. We can help work through the calculations to determine which option will make the most sense for you.

P.S.: This same advice applies to 401(k) or similar employer accounts when you leave your company. DO NOT leave a 401(k) with a previous employer.

Published by Myron J. Gaylord, Keith B. Nyborg, Paul N. Linzer and Ryan J. McNeilly