

Be On the Lookout

A defined benefit pension plan, where a company promises to pay a retiree a set amount each month during retirement, has been a staple of retirement plans for a long time. However, things have changed a lot lately for these plans. Have you ever participated in a defined benefit pension plan? Are you retired and receiving a monthly pension check? If you are one of the estimated 40 million Americans who can answer “yes” to either question, be on the lookout for a notice announcing important changes to your benefits.

Because of the risk and expenses of these plans, as well as some law changes, many companies have been freezing their defined benefit pension plans. They are moving to 401(k) plans that not only cost them much less, but also transfers the investment risk to the worker. In fact, many companies have begun doing this over the last couple of years, including General Motors, American Airlines, Bank of America, and Sysco to name a few.

When a company makes a move to freeze or terminate their pension plan, they must notify their current and past employees who will be affected and have a vested contractual benefit owed to them from the plan. There are three types of notices you might receive.

The **first** is a notification of intent to freeze the plan. Workers currently covered by the plan are told they won't accrue any additional pension benefits. The **second** is an offer from the company to pay retirees and former employees a lump sum in lieu of promised monthly pension payments. The **third** is a notification that the company is terminating the pension plan and transferring the obligation to an insurance company who will then continue the payments.

When receiving a notification regarding a pension, and chances are you will, you have to take it seriously and give it much thought. There are many factors to consider before making this very important decision. To learn more about these options and the factors to consider, tune into the ***It's Your Money Show*** next week. The show airs on WMEQ (880 AM) on Thursday at 7:30am and Saturday at 9:00am, as well as on WWIB (103.7 FM) on Wednesday at 7:30pm and Saturday at 5:30pm. You can also obtain this information and independent advice for your specific situation by contacting me at **(715) 835-6022** or **info@KeyStoneCV.com**, or through our website, **www.KeyStoneCV.com**.

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