

## **Lump Sum Facts-**

The Lump Sum is a payment option only available to participants who retired or terminated employment on or after January 1, 1997. If this option is chosen, the participant receives a one-time payment in-lieu of a lifetime annuity benefit.

- The value of the Lump Sum benefit is calculated according to the Internal Revenue Service (IRS) rules and is equal to the present value of the participant's accrued vested benefit.
- Although the lump sum calculations are very complex, our actuaries create tables each year that condense the entire process into an actuarial factor that determines the value of the participant's benefit.
- A Lump Sum is simply another payment method to receive the total worth "today" of all the monthly benefits the participant would potentially receive beginning at age 65, in a one-time payment. This option allows the participant to receive their expected lifetime of benefits in one single payment. Then the participant becomes responsible for investing the assets from the point of distribution through retirement.
- Since your Lump Sum is the actuarial equivalent of the "present day value" of your accrued monthly benefits, the Lump Sum value will change monthly.
- The interest rates used to calculate the value of your Lump Sum are determined by the Internal Revenue Service (IRS) and change annually, every January.
- Future interest rates are determined by the IRS and are unknown at this time. This makes it difficult for us to accurately predict the value of your account beyond the current year. All we can provide is an estimate based on the current interest rates.
- Lump Sum values may go up or down at any time based on the interest rates and mortality assumptions used which are both government mandated by the IRS.
- Since the plan is designed to pay out a maximum monthly benefit at age 65, the same is true of the value of the lump sum because the two payment options need to be equivalent. Your maximum lump sum value would be reached at age 65. If you continue to work beyond age 65, you will begin to see the value of your lump sum decrease.