

THE VALUE OF YOUR PENSION ...AND THE OPTIONS YOU CAN CHOOSE

One way to think about your pension benefit is to imagine: How much money would I have to save to get the same value?

Let's take the example of a pension benefit that pays \$1,575 per month starting at age 65 and continues until your death. If you live a typical lifespan, you would have to save \$170,000** to get the same value. But what if you live longer than the typical lifespan? What if you live to be 90, or 95, or even 100? Obviously, you would have to save a lot more (over \$250,000!) to get the same value as a lifetime benefit of \$1,575 per month. And that's the point: No matter how much you save, those savings can run out when compared to a lifetime pension.

As you can see, your pension is a vital part of your future, along with savings plans and Social Security.

Next, let's look at the different benefit forms you can choose when you apply for your Western Metal Industry Pension Plan benefit. Here are the payment options under the Pension Plan:

- **Life Annuity Option:** This option provides a monthly benefit that begins at retirement and continues until your death. If you are married, your spouse would receive no continuing benefit following your death.
- **Modified Life Annuity Option:** The Modified Life Annuity Option provides a monthly benefit that begins at retirement and continues until your death. However, if you die within 60 months (5 years) of retirement, payments will continue to your surviving spouse or designated beneficiary until a total of 60 payments have been made, at which time payments end. Because of this additional guarantee, the benefit amount is a bit lower than the regular Life Annuity Option.
- **Joint and Survivor Options:** These options are available only to married participants and pay a benefit for as long as either you or your spouse is living. If you die first, your spouse continues to receive a benefit during his or her lifetime based on the choice you made. If your spouse dies first, the monthly amount you receive does not change, and continues until your death.

If you wish, you can select a Joint and Survivor Option with a pop-up feature. In general, this works the same as the Joint and Survivor Options described above, except that if your spouse dies before you, your benefit increases (or pops up) to the higher amount you would have received under the Life Annuity Option. Because of this, the initial benefit amounts are a bit lower.

All of the forms of payment are designed to have the same value over typical lifespans.

If you are married, as you review your options, be sure to consider these scenarios:

- What income each asset will provide while both you and your spouse are living, and
- What income would continue to you should your spouse die first, or
- What income would continue to your spouse should you die first.

Planning for all possibilities is critical to being confident you'll have sufficient income for whichever one of you outlives the other.

Also, don't forget to take Uncle Sam into account. You may wish to consult a tax advisor to make sure you understand how your taxes will change in retirement. There may be different ways to use your various assets to minimize your taxes over time.

Example

OK, now let's look at an example of these different benefit options. This example uses a participant aged 65, with a spouse aged 61, and a normal retirement benefit of \$1,575. Here are the options:

Optional Form of Payment	Monthly Benefit While Both Are Living	Monthly Benefit to Spouse if Participant Dies First	Monthly Benefit to Participant if Spouse Dies First
Options tied only to participant lifetime			
Life Annuity Option	\$1,575	\$0	\$1,575
Modified Life Annuity Option	\$1,525	\$0*	\$1,525
Options tied to participant and spouse lifetimes			
50% Joint and Survivor Option	\$1,349	\$675	\$1,349
75% Joint and Survivor Option	\$1,259	\$944	\$1,259
100% Joint and Survivor Option	\$1,180	\$1,180	\$1,180
50% Spouse Option with Pop-Up	\$1,313	\$657	\$1,575
75% Spouse Option with Pop-Up	\$1,212	\$909	\$1,575
100% Spouse Option with Pop-Up	\$1,126	\$1,126	\$1,575

**If you die within 60 months of retirement, the remainder of 60 months' worth of payments will continue to your surviving spouse or designated beneficiary, with no benefit after that.*

What if you are single at retirement? Then you would choose only between the first two forms of payment, Life Annuity and Modified Life Annuity.

How Do You Choose the Right Benefit for You?

You should select the option that, along with your other assets, provides the most financial security while you and your spouse (if married) are alive, and to either of you once one of you is deceased.

One option is to work with a certified financial planner. Consider your needs in retirement, such as normal living expenses, out-of-pocket medical expenses, and travel. Financial planning will be easier if you gather details on all income sources for you and your spouse (if married). For instance, bank or plan statements will show current account balances or monthly benefit amounts. Reviewing plan summaries will ensure you understand any special conditions or limitations that may apply to payments – such as the normal age at which retirement benefits may begin, or whether you're allowed to start benefits early or late. For the Western Metal Industry Pension Plan, you can review the plan summary.

To find out the amount of your age 65 monthly pension from the Plan, take a look at your most recent benefit statement. Or, you may request a statement (or an estimate for a certain retirement date) from the Pension Administration Office at 800 426 7132.

While the Administration Office cannot help you decide between options under this Plan, they are happy to help you understand the different options, give you details about deadlines, and assist you in filling out the required paperwork.

**The \$170,000 figure is calculated based on the assumptions that your saved assets earn 5.75% annually and that death coincides with the mortality table used by this Pension Plan.