

THE ADVANTAGES OF THE

IBEW Local Unions
Savings and Security
Plan for your
**Lump Sum Pension
& Company 401(k)**



Now that you are about to retire, you have several important decisions to make. One of the most critical is what to do with your lump sum pension, company 401(k), IRA and/or any other qualified plans.

The IBEW Local Unions Savings and Security Plan gives you the opportunity to keep your retirement program on course by offering you a number of advantages. For more information, please see the accompanying brochure, *A Guide to Retirement Investing*.

Electing a Lump Sum versus Company Pension

If you were to transfer your lump sum pension to the IBEW Local Unions Savings and Security Plan, you would receive several advantages. Below is a side-by-side comparison.



ADVANTAGES

Lump Sum Pension

1. Ability to make your own investment decisions and potentially receive more income and stay ahead of inflation
2. Flexibility to change monthly income to meet your needs
3. Beneficiary receives 100% of remaining account balance, can continue making withdrawals and may name their own beneficiaries
4. Money can be accessed if needed
5. Portability to separate your money from your employer, therefore you no longer have to worry about your company's financial health

Company Pension

1. Guaranteed income for life
2. No need to make investment decisions
3. Peace of mind of having a fixed monthly payment
4. Payment options available with or without survivorship benefits
5. Predictable income helps budgeting

DISADVANTAGES

Lump Sum Pension

1. Money invested in mutual funds will fluctuate with the markets, however, conservative portfolio options seek to provide stability of principal and inflation protection
2. Retirement money will need to be monitored to ensure it will last you and your spouse's lifetime
3. Inflation may erode the purchasing power of your money, but you can take steps to help mitigate the effects of inflation

Company Pension

1. Income is generally not adjusted for inflation, so monthly payments will lose purchasing power over time
2. Income protection for spouse will reduce monthly income to both of you
3. Beneficiary may receive a reduction in monthly income, depending on which annuity option is chosen
4. Pension payments generally end when both you and your spouse die
5. There may not be an account balance left for your heirs

The Benefits of the IBEW Local Unions Savings and Security Plan for your Lump Sum Pension and 401(k) Rollovers

- Retire during the year in which you turn 55 or older, with no penalties or restrictions on withdrawals
- Low annual expenses with no upfront or deferred sales charges*
- Stable Value Fund option
- Independence; the Plan can select the best funds from any fund family
- More than 45 years of experience with IBEW members and their retirement needs
- Personalized Retirement Planning and one-on-one meetings available with Regional Managers
- Plan loan feature allows you to borrow money and pay yourself back

**An annual asset-based fee will apply as well as other internal expenses and fees of the funds.*

Frequently Asked Questions

In addition to the lump sum pension, can I transfer my company 401(k) and Individual Retirement Accounts (IRAs)?

Yes, the Plan accepts tax-free rollovers of your pension, 401(k) and IRAs. One immediate benefit is the consolidation of all of your accounts.

What if I already have an account in the Plan?

You would add the pension portion to your account in the IBEW Local Unions Savings and Security Plan.

How should I invest my money?

Scarborough provides individual investment advice based on your time horizon, risk tolerance, financial goals, and personal preferences. An investment recommendation will be made using the Elite Index Portfolios (managed account offering) or Scarborough Model Portfolios. Scarborough will also assist individual participants in the personalization of their portfolio considering individual preferences.

Can I receive individual investment advice and retirement planning?

Yes, you can review your unique situation with a Scarborough representative to receive a personalized retirement analysis. You can start the process by completing the Personal Retirement Plan Questionnaire in this folder. Ongoing account reviews are offered to make sure your plan stays on track.

Why can I retire at age 55 with no IRS penalties or restrictions on my withdrawals?

The IBEW Local Unions Security and Savings Plan is an IRS qualified retirement plan. Qualified plans have an exception to the 59 ½ Rule: If you retire during the year in which you turn age 55 or older, your withdrawals will be penalty-free with no restrictions. This is an advantage over Individual Retirement Accounts (IRAs), where you must be 59 ½ to avoid the 10% penalty or restrictions on withdrawals.

Can I receive systematic payments from the IBEW Local Unions Savings and Security Plan?

Yes, you may elect monthly, quarterly, semi-annual, or annual

payments to align with your income needs. These payments can be sent directly to your bank account.

Are income taxes withheld from my systematic payments?

Yes, both federal and state income taxes can be withheld.

Can I let my money grow without withdrawals?

Of course, you may keep your money on deposit and continue your potential to accrue earnings on a tax-deferred basis. However, the IRS requires that once you reach age 73, you must begin to take minimum distributions.

What if I retire before age 55?

IRS regulations provide for an exception to the early withdrawal penalty for participants under age 55, provided the withdrawals qualify as part of a series of "Substantially Equal Periodic Payments" ("SEPP"). The rules governing SEPP withdrawals require that payments be calculated in accordance with IRS regulations and continue without any changes or additional withdrawals for a period of five years or until you attain age 59 ½, whichever is longer. Scarborough will calculate the amount that would be permitted under the rules. The IRS permits a one-time switch to the calculation method used to compute your SEPP amount.

Can I take a partial withdrawal?

Yes, you may take a withdrawal from your plan account for unexpected expenses, vacations, home repairs or for any other reason.*

** An IRS Penalty may apply to withdrawals prior to age 59 ½.*

Can I take a plan loan as a retired member?

Yes, even as a retired member, you may borrow up to 50% of your account balance, with a maximum of \$50,000. Monthly payments back to the Plan will be taken from your bank account.

How do I rollover my lump sum pension and/or my company 401(k) to the Plan?

Each employer has different procedures for 401(k) and lump sum pension transfers. A Scarborough Regional Manager will help you through the process or please call Scarborough Alliance at (800) 223-7608 for instructions.



Why Expenses Matter – It’s Just Math

Offering members access to low-cost investment options has always been a key part of the Scarborough philosophy. The following examples show the dramatic impact that investment expenses can have over time. The math is based on a simple principle: **Lower expenses mean that you keep more of the money your investments earn.**

In the example below, four investors each start with a \$500,000 deposit and need to withdraw \$2,100 per month. The first investor decides to rollover his money to the Elite Index Portfolio III in the IBEW Local Unions Savings and Security Plan. The others choose products with 1%, 2% and 3% investment expenses, respectively.

This chart assumes that all four investors receive the same 6% return before investment expenses are deducted. The only difference is the amount of fees charged. You can see the dramatic difference expenses make over time.

		1 Year	10 Years	20 Years	30 Years	Runs Out
IBEW Savings & Security Plan	0.47% Fee¹	\$501,531	\$519,721	\$553,441	\$611,092	n/a
	1% Fee	\$499,120	\$488,930	\$470,897	\$441,524	n/a
	2% Fee	\$494,255	\$431,026	\$328,927	\$177,797	n/a
	3% Fee	\$489,390	\$378,376	\$214,924	\$ 0	29 yrs, 9 mo

This illustration shows an initial deposit of: **\$500,000**

It assumes a withdrawal of: **\$25,200 per year**
\$2,100 per month²

And an annual return of: **6% for all plans** (Before investment expenses are deducted)

Example is for illustration purposes only and is not an indication or guarantee of past or future performance of any investment. Illustration is intended to show how investment expenses could affect an investor’s retirement account balance over time and is not intended to predict or project investment results.

1. Assumes expenses of the Elite Index Portfolio III. 0.47% includes Scarborough’s personalized advice, Plan administrative fees and weighted average of underlying fund expenses. An annual \$68 recordkeeping fee is also included in the calculations.

2. Scarborough recommends a lower withdrawal rate in order to help ensure your money lasts your lifetime.



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A stable value fund investment does not constitute a balanced investment program. Although highly rated investments are selected for the fund, the contracts held by the fund are not guaranteed by the U.S. government, or your retirement plan. The fund will seek to invest with a diversified selection of contract issuers. A stable value fund is designed as a low-risk investment but you could still lose money by investing in it. The primary risks of investing in the fund include credit risk, income risk, inflation risk and market risk. The fund is not a mutual fund. It is a separately managed investment fund available only to tax-qualified plans and their eligible participants.

Securities and advisory services are offered through PlanMember Securities Corporation (PSEC), a registered broker/dealer, investment advisor and member FINRA/SIPC. PlanMember also administers qualified retirement plans; these programs are not securities or obligations of Scarborough or PlanMember.