

Commuted Value

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MONTHLY PAYMENTS AND COMMUTED VALUE

Pension Considerations

When it comes to retiring with a defined benefit pension, you may have options. Deciding which retirement pension options to take requires careful consideration.

Receive regular Monthly Payments for life.

Pros



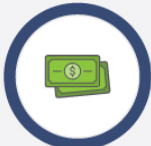
Guaranteed Income for Life

No matter how long you live, you will receive a regular monthly income, indexed to inflation.



No worries about Market Volatility

Pension payments are fixed no matter what the market conditions are.



Predictable Payments

Budgeting is more manageable with a fixed, regular monthly income.

Cons



100% Taxable

Pension income is all taxable, and the tax is spread equally with each payment over your lifetime.



No Payment Flexibility

Pension payments remain fixed and cannot be changed.



No Inheritance

The pension will stop at your death (or your spouse's death), leaving no opportunity for an inheritance.

Receive the Commuted Value (the entire pension as a lump sum) at retirement.

Pros



Large Cash Payout

You receive a large lump sum, subject to tax rules, to use however you wish based on your goals and needs.



Flexibility

The large payment can be invested or spent whenever and however you decide.



Inheritance

When you die, any remaining balance can be passed on as part of your estate.

Cons



No Payment Guarantees

You must be disciplined so you don't deplete the funds set aside for retirement on shorter-term goals.



Immediate Taxation

The lump sum is taxed immediately. Transferring into a LIF, LIRA, or using any RRSP room can help ease the taxes.



Market Volatility Risk

Careful asset management is needed to ensure you have enough funds to live on.

Carefully review the details of your pension plan with your financial professional to ensure you're choosing the best option for you.

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