Should You Take a Lump Sum Pension?

Which Is Suitable for You?

When you leave your job, you might be asked whether you want to receive conventional monthly payments from your company's defined benefit pension plan or whether you want to take a lump sum.

In a nutshell, it's a choice between receiving predetermined regular payments and taking a large sum of money — known as the "commuted value" — and investing it for your future.

Your choice can have serious financial implications. To help decide which is suitable for you, here are some of the key issues we should discuss.

Consider Taking the One-Time Payout If...

- You don't need the money right away. Typically, the lump sum must be transferred to a locked-in registered investment account. It will then be subject to rules that determine when you can start drawing an income.
- You're concerned about the future financial stability of your employer — and, as a result, the future of your pension plan benefits.

Consider Opting for Regular Payment If...

- You believe there is a good chance you'll live beyond normal life expectancy.
- Your risk tolerance is low.

There may be other factors to consider, including your income stream from other sources. We take a holistic view of your broad financial picture, so we can help you make the right decision about your pension.

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