

WHY DOESN'T MY BENEFIT STATEMENT TELL ME THE VALUE OF MY PENSION?

Many pension plans issue individual benefit statements once a year to each of the participants, although it is not required by law that they do so.

In a single-employer pension, a request for information will yield a statement of information concerning accrued values. In multi-employer plans (government, large unions), the information yielded is frequently not pinpointed at the individual's employer.

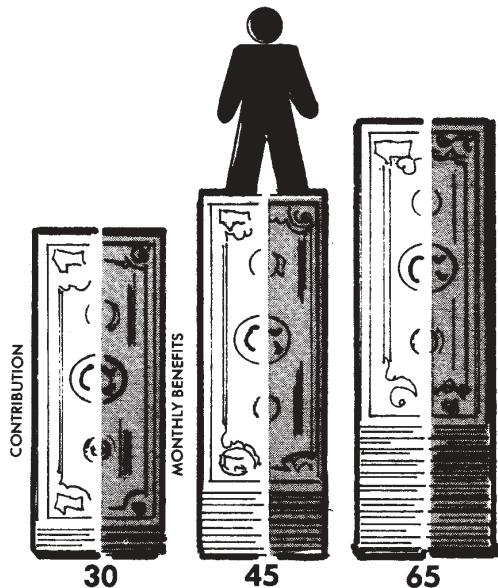
While it is possible to obtain the monthly pension figure, as if the employee will retire at a given date, this is **not** the value of the employee's individual pension.

DETERMINING YOUR PENSION'S VALUE

As you build your pension by years of service, dollars are being accrued. These dollars are part of a group of dollars accrued by the total participants in your plan. While you can find out how much your employer has contributed to the plan, that does not equal the value of your individual pension plan assets.

A defined benefit pension plan is structured to be a retirement program, paying pensions to retired employees. There are several types of pension benefits possible in a plan, depending upon the occurrence of retirement, as well as the employee's age and years of service.

The primary benefit is the pension to be paid when an employee retires at the plan's normal retirement age. This is known as the **Projected Benefit**.



During active employment, the employee is earning vesting credit in accordance with the plan's vesting schedule. This is the employee's **Vested Benefit**.

A pension becomes due and payable at normal retirement age. When employment ends before normal retirement age, the vested benefit may be paid out as an early retirement pension with various formulas operating, according to the provisions of the plan.

At any point in time, unaffected by the form of payout or the timing of payout, the **Actuarial Value** of an employee's accrued benefit may be computed using actuarial science. The **Actuarial Value** is the value of your pension plan and it is used when you are determining liabilities and assets.

No plan is required to inform a participant of the present value of his or her pension. In the vast majority of plans, that information is simply not available.

When this knowledge becomes necessary, an actuary must be retained in order to determine the worth of a pension benefit.



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