

## Claim your portion of \$75 million of lost retirement

According to the U.S. Department of Labor, the average American will change jobs seven times before the age of 35.

Whether you left by choice or your company closed its doors, you might have unknowingly left behind or forgot your pension. You are not alone. About 26,000 Americans currently are owed \$75 million from forgotten pensions.

The Pension Benefit Guaranty Corp. (PBGC) is a government agency that assumes the pensions of companies that cannot fulfill their duties or obligations.

This can occur for a variety of reasons. However, most of the time the workers (or their heirs) simply did not know they were owed retirement benefits. After working for a company for five to seven years, many workers have qualified for a benefit and didn't even realize it.

### Unclaimed benefits

The average benefit sitting unclaimed at the agency is approximately \$3,675. According to PBGC records, the largest unclaimed pension is more than \$250,000. The PBGC encourages individuals to search for themselves, friends and their relatives. As the popularity of the Internet has grown, more than 19,000 Americans have recouped \$75 million in lost retirement dollars from this agency.

Don't assume your previous company had to go bankrupt to qualify. PBGC has assumed hundreds of plans that simply could not find their recipients. The company might have decided to end the plan and pay out the benefits. If they cannot find the employee or their heirs, PBGC takes over the benefit.

In certain instances, if a company cannot fulfill their obligation, then PBGC will assume the plan. Regardless of the situation, there are millions of dollars that workers are owed, and this agency can help you rightfully claim your forgotten dollars.

With a click of a mouse, you can perform your modern-day treasure hunt. Visit the Pension Benefit Guaranty Corp.'s Web site, [www.pbgc.gov/search](http://www.pbgc.gov/search), and perform a name search.

### Avoid pension pitfalls

Whether you have "found" your pension through PBGC or you are beginning to research your current pension with your employer, you have to avoid common pension mistakes made by retirees.

Here are some "pension pitfalls" to avoid.

**1. Taking the lump-sum payout option.** Having the mentality that you need a lump sum to "catch up" on expenses and/or pay off a few debts headed in to retirement is one of the costliest mistakes I have seen.

Depending on your state and tax bracket, you might lose up to 50 percent of your lump sum to taxes and penalties. With only 50 percent remaining to pay off those debts, you might spend the rest of your retirement trying to catch up on your monthly income.

A better alternative might be to roll this money into an IRA and work with a professional to develop a distribution strategy that can pay off those debts and still maintain a minimum level of lifetime income.

**2. Timing your retirement wrong.** Make sure you discuss your retirement date with your benefits counselor.

You might believe the date does not matter, but this can be a costly mistake as well. If you pick the wrong date, it could cost you an entire year of service.



### Money

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In addition, most plans average three of your last five years of income to determine your benefit. Most of the time, your last year of service produces one of your highest annual incomes.

Obviously, you want the highest years used for your average. Some plans use your anniversary date, others calendar years or 1,000 hours worked. Regardless of the method, make sure you know the rules.

**3. Check the fine print.** After 20 to 30 years of employment, surely you don't have to read the fine print, right? Wrong. Learn the words "Social Security Integration."

If you see or hear that term, it's a red flag. This system uses a very complicated formula to calculate your pension payment. By comingling Social Security benefits with your pension income, it might project your income much higher than what you actually will receive.

Here's how: If your statement says you are going to receive \$1,400 per month in Social Security benefits and a \$1,400 a month pension benefit, you might believe you are going to receive \$2,800 per month.

However, with Social Security Integration, your pension benefit can be reduced by up to 50 percent of your Social Security benefits. In the above example, your monthly income went from the \$2,800 you expected to \$2,100.

### Vacation versus pension

Most retirees spend more time planning their next vacation than their pension payout. Remember, this choice will affect you for the remainder of your life.

As life expectancies approach 100, "pension pitfalls" can be the most expensive mistakes of your life.

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