



Hapanowicz & Associates Case Study: Date of Official Retirement

Jack Hill was an Associate at Verizon. He was planning to retire in the very near future with 34 years of service. He had a 401(k) and a pension lump sum he was planning on rolling over into an Individual Retirement Account (IRA), from which he would begin to make monthly contributions to support his retirement income.

The Pension Election form that Jack had to complete asked for his Retirement Commencement date. Jack was not 100% sure what his Retirement Commencement date should be, so decided to call the support center. The Retirement Commencement date Jack was told to use on the form differed from what H&A has seen other associates use (the date following their termination date vs. the 1st of the month in the month after their termination date). When H&A realized this, it was strongly encouraged that Jack call the benefits center again, this time with H&A on the line. After double-checking with their supervisor, the recommended Retirement Commencement date was adjusted to the correct one.

After a review of the two Retirement Commencement Date options, it was discovered that a mix-up of this commencement date would have cost Jack \$30,000 in pension benefits that would have been left behind. Especially for an investor who is depending on his 401K and pension lump sum rollover for his retirement income, that \$30,000 played an essential role in the longevity of Jack's account.

H&A recommends always asking for the benefits center representative to double check their facts when walking you through retirement commencement and pension election forms. The Benefits Center is an integral part of the retirement commencement process. However from H&A's experience, we have learned that it is up to you to advocate for yourself and make sure that the answers you're getting are 100% right.

H&A has been working with Verizon employees for over 20 years and has come across every possible question or situation in the Retirement Commencement process.

If there is information provided from the Benefits Center that you'd like to double check or do not understand fully and would like to learn more about, give H&A a call and we'll be happy to help you.

Hapanowicz & Associates Case Study: Retirement Commencement and Pension Election Paperwork

Jacqui Thomas has reached 25 years of service as an Associate at Verizon and has decided to retire. She plans to roll over her 401K and Lump Sum Pension Benefit into an IRA, from which she will take withdrawals to support her income needs in retirement.

The paperwork to request her 401K rollover and Pension Lump Sum election is available through the benefits center. Just like all other coworkers of Jacqui's, when she called the benefits center to request the paperwork she was offered to have it sent either via physical mail or via email.

Electronic paperwork might seem like the easier and more convenient choice, especially in today's age of technology. Jacqui thought so and decided to have the paperwork emailed. What she quickly realized is that there were multiple sections she was not 100% sure of how to complete, and had trouble navigating back and forth on her computer screen between the many pages of paperwork. Additionally, electronic paperwork had to be completed and returned electronically as well, which made the process for Jacqui even more inconvenient.

The paperwork process to retire, while being one of the more straightforward aspects, is a very important component of the entire process and should be handled with care. Although it might take extra time and result in a few extra steps to complete the paperwork process, H&A recommends always asking for the Retirement

Commencement forms to be sent in the physical mail. This gives you as much time as you'd like to go through each section and make sure they are being completed accurately, as well as call the Benefits Center or your Advisor on your own time when most convenient for you.

H&A has been working with Verizon employees for over 20 years and has help countless associates and managers accurately complete their 401K rollover and Pension Election sets of paperwork. Don't leave it to chance – if you are unsure whether your Retirement Commencement forms are completed accurately, give H&A a call and we would be happy to help you.

Hapanowicz & Associates Case Study: Pension Lump Sum or Pension Annuity?

Jane Miller has 29 years of service as an Associate at Verizon. She has decided to retire by the end of this year. For the last several years, Jane has been working with her advisor at H&A to build a retirement income plan and optimal portfolio withdrawal strategy. A big component of her plan is whether or not she would elect the Pension Lump Sum or Pension Annuity option for her benefit. She was unsure of the pros and cons of each option, and how her decision would affect her Retirement Plan.

First, Jane's advisor talked her through the pros and cons of the Lump Sum option vs the Annuity option, looking at that decision as a solo event, without taking into account any of her other investments or income sources. Once Jane had a good understanding of the pros/cons, her advisor then applied each choice to her Retirement Income Plan. They reviewed all of her other income sources which included Social Security, her husband's monthly pension benefit and a monthly annuity payment she gets. They also reviewed her legacy wishes, and confirmed that she wished to leave some money to her kids as well as her husband.

Since Jane had multiple other sources of income that are considered "guaranteed", and since Jane wanted to make sure her financial legacy also included leaving some assets to her children, Jane decided that the Lump Sum option was the right choice for her.

Choosing between a Pension Lump Sum and Annuity option is a big decision that many Verizon associates and managers will need to make. There are many factors that should be taken into account when making this decision. The overwhelming majority of the time, it is not just a matter of picking between the pros and cons of each option, but also applying it to your overall Retirement Plan.

H&A has been working with Verizon employees for over 20 years and has helped countless associates and managers make the important decision between a Pension Lump Sum benefit and a Pension Annuity benefit.

If you would like some assistance in making this decision, give us a call and we would be happy to help you.

Hapanowicz & Associates Case Study: Verizon Stock

John Smith is 45 years old and has 17 years of service at Verizon. He has saved diligently into his 401(K). His goal is to retire sometime after turning 65. Along with his 401(K), he also has a pension benefit that will provide his income in retirement.

John had not reviewed his 401(K) allocation in some time, as he has the mindset of saving consistently, as much as he can, and letting the markets “do their thing”. After a review of his 401(K) allocation by an H&A associate, it was discovered that John had a substantially high allocation to Verizon Stock. This was because the employer match in his 401(K) was made in the form of Verizon stock. What John did not know is that there is no minimum time commitment to hold onto that stock position, and he was therefore free to diversify away from such a large amount of money in one place within his 401(K).

It is essential that a 401(K) that will serve as one of the main resources of retirement income is allocated appropriately between stocks and bonds, as well as diversified across all asset classes and market sectors to best protect an investor from volatility in the markets. An allocation between stocks and bonds that was originally set in a 401(K) and was right for an investor at one point may not be the appropriate allocation for that same investor, as he/she gets closer to retirement.



Be diligent about periodically reviewing the allocation in your 401(K).

H&A recommends a review at least one a year.

H&A has been working with Verizon employees for over 20 years and has helped countless associates and managers build a Diversification Game Plan to reduce a large position in Verizon Stock as well as select the optimal customized allocation.

If you are unsure if your allocation is right for you and would like a complimentary review, give us a call and we would be happy to help you.

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Sources: Verizon Savings Plan for Management Employees; Mid-Atlantic Plan SPD; SPD for the Survivor Benefits Program for Mid-Atlantic Associates. All sources as of 3.3.21.