



STABLER
WEALTH MANAGEMENT

Latest Segment Rates and How it Affects Your Lump Sum Pension Decision

As you close in on retirement, it's not just about choosing when to retire, but also about making pivotal financial decisions that will impact your retirement lifestyle. One of the most significant choices lies in how you receive your pension benefits from Boeing—taking a lump sum payment now or opting for an annuity. The importance of making an informed and timely decision cannot be overstated, particularly as we witness a rising trend in segment rates that could significantly affect your lump sum's value and therefore your pension decision.

The Importance of Timing Your Pension Commencement

Segment rates are the primary driver that determines the size of your lump sum pension. These rates mirror the yields that investors might earn from high-quality bonds. Boeing uses segment rates alongside mortality tables to calculate the present value of your pension—essentially the lump sum you would need today to replicate the pension's payouts over your expected lifetime.

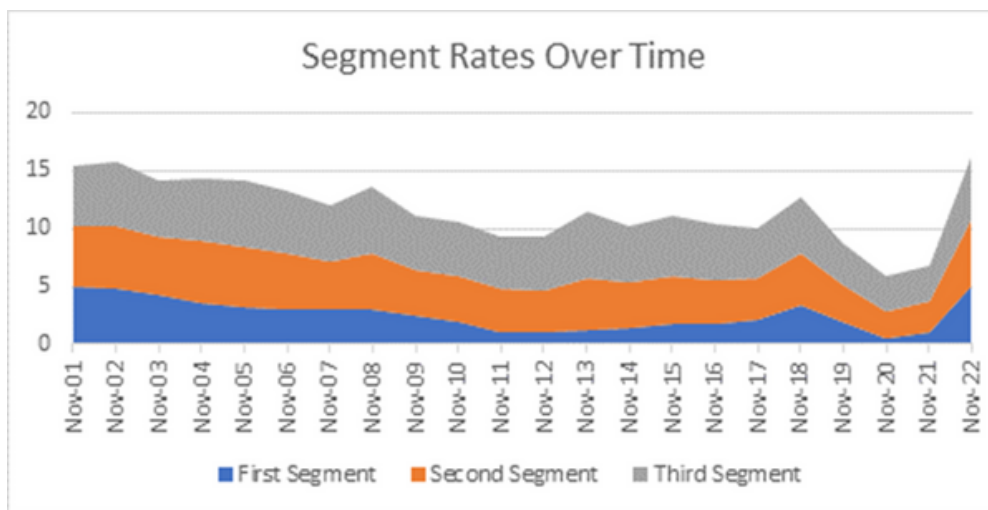
In the past decade – especially during the COVID years - retirees benefited from historically low interest rates, which translated into more substantial lump sum payouts. However, with the financial climate evolving and interest rates climbing, it's critical to look closely at how current trends will affect your retirement plans.

Where We Are Today: Rising Segment Rates

Currently, we are experiencing an upward trend in segment rates, which has a big impact on your pension decision. If you're retiring soon, the timing of your pension commencement could be the difference between receiving a larger lump sum payment or facing the possibility of a reduced amount due to the increasing rates.

For those considering retirement, remember that the lump sum segment rates for commencement in any given calendar year are determined by the segment rates of the previous November. For example, a pension commencement in December 2022 would benefit from the lower segment rates of November 2021. On the other hand, if you're looking at pension commencement in 2023, you will face the segment rates of November 2022, which are notably higher.

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irs.gov/retirement-plans/minimum-present-value-segment-rates

Segment Rate Projections for the Near Future

Based on the latest data, including September 2023's higher segment rates and the current trends in bond yields, we expect that the segment rates for November 2023 are likely to be higher (or at least similar) compared to the November 2022 segment rates that drive the lump sum calculation for 2023 commencements. Therefore, for those retiring and opting for the lump sum, commencing your pension in 2023 rather than waiting until 2024 will likely result in a higher lump sum benefit.

Your Retirement Decision: We're Here to Help

Choosing whether to take the annuity or lump sum pension as well as when to commence a multifaceted decision that extends beyond just the retirement date. It's about weighing the potential benefits against the backdrop of changing economic conditions. While it may be common to initiate pension payments immediately after retirement, doing so without considering the impact of segment rates could be costly.

We understand the weight of these decisions, and our dedicated team is ready to support you. As fiduciary financial planners that specialize in working with Boeing employees, we provide objective, personalized advice to help you maximize your pension benefits.

Don't wait until it's too late to make the best decision for your retirement. Contact us at team@stablerwm.com or www.planyourboeingretirement.com today to schedule a complimentary review and ensure that your retirement timing aligns with the most beneficial financial outcomes.

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