

Choosing a plan

Both plans have advantages and disadvantages. The plan that's better for you will depend on your situation. The information below can help you decide.

All advantages/disadvantages of the Defined Contribution Plan apply to the 401(k) portion of the Hybrid Plan.

Topic	Tier 2 Hybrid Pension Plan might be the better option if ...	Tier 2 Defined Contribution Plan might be the better option if ...
Retirement Income	<ul style="list-style-type: none">» You want guaranteed monthly income for life.» You want the certainty you won't outlive your benefit.» You want a cost-of-living increase to help offset inflation.	<ul style="list-style-type: none">» You want complete flexibility of controlling when and how much of your vested money to withdraw.» You want the ability to potentially increase your income after retirement, through investment performance.
Investment Management	<ul style="list-style-type: none">» You want your retirement managed by investment professionals (in the pension portion of the Hybrid Plan).» You want the pension plan to bear all of the investment risk (in the pension portion of the Hybrid Plan).	<ul style="list-style-type: none">» You want to actively manage all of your vested retirement funds.» You are comfortable with higher or lower potential returns by bearing all investment risk.

Topic	Tier 2 Hybrid Pension Plan might be the better option if ...	Tier 2 Defined Contribution Plan might be the better option if ...
Your Contributions	<ul style="list-style-type: none"> » You are comfortable knowing you will be required to contribute to your pension benefit if the contribution rate exceeds the employer's contribution cap. » You want to purchase qualifying or future service credit to increase your retirement benefit. 	<ul style="list-style-type: none"> » You want the assurance you will never be required to contribute to your retirement. (Although you are encouraged to save for retirement.)
Withdrawal Flexibility	<ul style="list-style-type: none"> » You prefer a guaranteed monthly benefit rather than the flexibility of setting/changing your monthly withdrawal amount (in the pension portion of the Hybrid Plan). 	<ul style="list-style-type: none"> » You want to withdraw your vested money at any time, and in any amount, after you terminate employment. You have the discipline to be prudent in your withdrawals. (You may be subject to an IRS penalty tax if you withdraw funds prior to age 59½ or before the year you turn age 55 if you are still working.)

Topic	Tier 2 Hybrid Pension Plan might be the better option if ...	Tier 2 Defined Contribution Plan might be the better option if ...
Risks	» You are not comfortable with the risk of falling short of meeting your retirement goals due to low returns or market fluctuations.	» You are comfortable with the risk of investment losses while investing to potentially meet or exceed your retirement goals.
Beneficiaries	» You want to provide a lifetime monthly benefit for your spouse. (After meeting requirements—15 years of service or eligible to retire.)	» You want to pass on any remaining vested account balance to your beneficiary(ies) upon your death.
Certainty	» You want the security that your monthly income is determined by a benefit formula and does not depend on investment returns.	» You are comfortable that your monthly income is determined by your investment returns.

