

Comparing an Annuity Distribution vs. Lump Sum

Whether you're deciding to take your pension plan benefit as an in-service distribution or delaying until a later date, below are the key differences between, and attributes of, a monthly annuity payment versus a lump sum payment.

Monthly Annuity Payment	Vs.	Lump Sum Payment
A guaranteed fixed source of monthly income for your lifetime, plus you can elect an annuity that upon your death pays a fixed monthly amount to your spouse for their life (Joint and Survivor Annuity) or to a beneficiary for a specified period if you die within 10 years of commencement (10 Year Certain and Life Annuity)*	Timing of Pension Plan Payments	With a lump sum payment, you receive your entire benefit in one payment.
Because the pension plan is responsible for paying your benefit, once you elect to begin your monthly payments, there is no further action required by you.	Managing Your Money	You invest your money and monitor the performance of your investments and your benefit withdrawals. You are responsible for ensuring that the lump sum provides the funds you need through your retirement.
The company controls the investment strategy of the underlying pension plan assets that back your annuity. The company has a team dedicated to monitoring the investment performance and ensuring sufficient funding is contributed to the plan to maintain an adequate funded level as required by federal law.**	Investment Control	You control how your lump sum is invested.
Your monthly annuity payment is fixed – guaranteed not to increase or decrease depending on market conditions – and is insured up to certain levels through the Pension Benefit Guaranty Corporation (PBGC), a federal government agency. The PBGC protects the retirement income of millions of Americans.**	Risk	The lump sum payment gives you the opportunity to invest in funds that meet the risk and return profile you are comfortable with. You must be comfortable with the risk of losing money based on your investments. There is no guarantee the lump sum will last through your retirement, and it is not insured by the PBGC.
You can elect an annuity that upon your death pays a fixed monthly amount to your spouse for their life (Joint and Survivor Annuity) or to a beneficiary for a specified period if you die within 10 years (10 Year Certain and Life Annuity).*	Death Benefit	You may name whomever you want as a beneficiary upon your death of the remaining balance of your individually managed retirement account.
An annuity provides a fixed monthly benefit for life, so you will not have the ability to vary your pension plan payment amount in the event you have either a planned or unexpected need for extra money.	Flexibility	You can roll over your lump sum into the Rockwell 401(k) plan, an IRA or another tax qualified retirement plan, providing a continued opportunity to postpone taxation of your benefit until you take the money out.

* If you are married and elect any form of payment other than the Joint and Survivor Annuity, including a lump sum distribution, your spouse must provide their notarized consent.

** Refer to the most recent Annual Funding Notice for more information on the investment and funding strategy of the plan and/or more information about the PBGC.