



WE'RE HERE TO HELP

After taking a lump-sum payment, you still get a monthly benefit for life, but the payments will be reduced depending on the amount of your withdrawal.

You can run an estimate of your benefit payment by signing into your account at [TCDRS.ORG](https://www.tcdrs.org).

If you have any questions, please visit [TCDRS.ORG](https://www.tcdrs.org)

or call **TCDRS MEMBER SERVICES** at **800-823-7782**.

We're available Monday through Friday from 7:30 a.m. to 6 p.m., CST.



Taking a **LUMP-SUM PAYMENT AT RETIREMENT**

[TCDRS.ORG](https://www.tcdrs.org) ★ 800-823-7782

Some employers offer their employees the option

TO TAKE A SINGLE PAYMENT

from their TCDRS account at retirement.

Understanding the implications and consequences of taking a lump-sum payment when you retire can help you retire with confidence.

HOW IT WORKS

If your employer offers the lump-sum payment option at retirement, you can take a single payment of up to 100% of your TCDRS account balance (your deposits and the interest it earned). You still get monthly benefit payments for life, but the payments will be smaller based on the amount withdrawn in the lump-sum payment.

The decision to take a lump-sum payment should be carefully considered as:

- ★ The lump sum may be less than the value of the reduction of your benefits over your lifetime.
- ★ Future cost-of-living adjustments, if adopted by your employer, will be less because they are based on your reduced monthly benefit.
- ★ The decision cannot be reversed once benefit payments begin.

It is best to look at your total financial picture before deciding to take a lump-sum payment at retirement.

TAXES

A lump-sum payment may have serious tax consequences. TCDRS is required by the IRS to automatically withhold 20% of your payment for taxes. You may also be subject to additional tax penalties.

The lump-sum payment could also place you in a higher tax bracket for that reporting year because it counts as gross income. As a result, you may owe the federal government more on your other income, too.

ROLLOVERS

You can avoid paying taxes or penalties by rolling your withdrawal over into another tax-deferred retirement account, such as a traditional IRA.

However, you should consider the risks associated with investing your retirement money. In retirement, you typically don't have the long-term investment horizon needed to recover from market downturns.

A BENEFIT FOR LIFE

Remember, your TCDRS monthly benefit is a lifetime benefit. Depending on your personal financial picture, a higher monthly payment may be more valuable to you or your beneficiary than a single payment up front.

If you are eligible and are considering a lump-sum payment:

- ★ Review all your assets, savings and retirement income sources, including Social Security.
- ★ Examine other methods of financing your immediate purchase plans or financial goals.
- ★ Run an estimate of your TCDRS benefit with and without the lump-sum payment.

You can run an estimate of your lifetime benefit by signing into your account at TCDRS.org or by calling TCDRS Member Services at 800-823-7782.