

901 Warrenville Road
Suite 201
Lisle, Illinois 60532
630-353-0000
877-353-8999 (toll free)
630-353-0003 (fax)
www.VoyageFG.com

AT&T Pension Update

VOYAGE FINANCIAL GROUP

Updated January 2012

GATT Rate for 2012 is 3.02%

GATT Rate only applies from January 1 - March 31, 2012

We have great news! Since lump sums are still being calculated using only the GATT Rate in the first quarter of 2012, lump sum payments are increasing significantly. For non-management employees, last year's rate was 4.19%. The new rate is a decrease of 1.17% which will increase lump sums by approximately 13% -18% in January.

So what does this mean to you? For someone with a \$450,000 lump-sum payout, the difference will be approximately \$67,500 by waiting until 2012 to retire. The increase is a result of the lower GATT Rate as well as the contractual pension band increase of 2%. Keep in mind that this is a hypothetical example and your situation may be different.

April 1, 2012 – December 31, 2012: PPA Phase in begins

There are many rumors concerning what might happen to pensions with the phase-in of the new corporate interest rates, and many AT&T employees are fearful of the phase-in of the new corporate interest rates. In fact, the immediate impact of the phase-in will not be very dramatic.

The new rate is being referred to as the Corporate Composite Bond Rate the Corporate Rate, or the PPA Interest Rate. Actually, they all refer to the same thing, and the official name is the Pension Protection Act Interest Rates, or the PPA Interest Rates.

View a
10 minute
online video
www.voyagefg.com/att

For non-management employees in the Midwest, the phase-in begins April 1, 2012. It will be 75% GATT Rate/25% PPA Interest Rates. The PPA Interest Rates are actually three different interest rates based on: Short-Term (1.99%), Medium Term (4.47%), and Long-Term (5.26%) corporate interest rates. Each AT&T employee will have a different interest rate blend based on life expectancy.

Bottom line: The phase-in of the PPA Interest Rates on April 1, 2012 will have a modest impact on lump sum payouts. For most AT&T employees the pension lump sum will reach its peak value on March 31, 2012 and then decrease slightly (around 0.5-3%). Keep in mind, however, that even after April 1 your pension lump sum will be significantly higher than it would be if you were to retire in 2011.

(over)

Additional Key Dates

- January 1, 2013: 50% GATT Rate and 50% PPA Interest Rates, based on November 2012 posted rates
- January 1, 2014: 25% GATT Rate and 75% PPA Interest Rates, based on November 2013 posted rates
- January 1, 2015: 100% PPA Interest Rates, based on November 2014 posted rates

Important Retirement Factors

The decision to retire can be complicated. Although important, the pension lump sum is only one of many significant factors to consider in planning for retirement: Others include:

- Quality of life
- Required retirement income
- The expiring AT&T IBEW contract
- Length of time to qualify for social security benefits
- Current financial situation

To assist AT&T employees, Voyage Financial Group will be conducting AT&T Pension and Benefit Workshops that address many of these issues. We have also put together a free educational packet with useful information, that includes *Retiring from AT&T (Step-by Step Guide)*, *AT&T Retirement Facts*, and *401k Sample Allocations*.

Voyage has helped thousands of people better understand their retirement decisions. We construct detailed financial plans for our clients to help them understand their current financial situations and create strategies for the future. If you would like us to create a personalized retirement plan for you, at no cost or obligation, call us at 877-353-8999.



Kurt Anderson*
kanderson@voyagefg.com

Ryan Dragstrem, CMFC*
mchong@voyagefg.com

Michael Chong, MBA, AIF*
mchong@voyagefg.com

Thomas Royce, CFP, AWMA*
troyce@voyagefg.com

630-353-0000
877-353-8999 (toll free)
630-353-0003 (fax)

www.VoyageFG.com

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