



THINKING ABOUT RETIRING FROM THE PHONE COMPANY?



A GUIDE FOR MANAGEMENT TELECOM EMPLOYEES

Wall Street Journal September 25th, 2018 Head Line..

Verizon Launches Early-Retirement Program to Trim Workforce

Buyout offers sent to management as well as staffers

By
Sarah Krouse

In an attempt to trim its workforce and cut costs, Verizon is offering early retirement packages for thousands of workers, according to a report in The Wall Street Journal. The severance packages, which offer three weeks pay for every year of service, is part of a “multiyear \$10 billion cost-cutting effort” led by the company’s new CEO. Employees may pick between three off payroll dates. It’s the first such buyout offer in 13 years, Verizon says. Verizon has over 150,000 workers around the world but has seen a decline in its workforce as it moved away from landlines, reports the Journal.

What is Pension Eligibility for Managers?

Rule of 75

You’re eligible for early retirement if your age plus service of at least 15 years totals 75 points at the time you leave Verizon. If you are eligible for early retirement and retire and start your pension at age 55 or later, benefits are not reduced. If you retire and start your pension before age 55, benefits are reduced by 3% for each year your benefits begins before age 55, with a maximum reduction of 18%.

Rule of 73

If you’re involuntary separated from business reasons, the Rule of 73 applies to your pension benefits. This means you would be considered retirement eligible if your points (age plus service of at least 15 years) add up to 73; however, there are additional reductions that apply if you start your pension before you reach the Rule of 75.

Vesting

All management employees earnings pensions benefits as of June 30, 2006 will be automatically 100% vested in the pension.

How will your Benefit be Calculated

Cash Balance Formula:

Employees with less than 10 years of service as of January 1, 2002 will be eligible for the cash balance formula only. The cash balance was determined as of June 30, 2006, including an additional 18 months of pay credits based on your June 2006 base pay and pay credit percentage. Interest credits are added to the account each month.

Highest Average Pay Formula:

Employees with more than 10 years of service as of January 1, 2002 are eligible for the greater of Highest Average Pay Formula (HAP) or the Cash Balance Formula. The HAP formula was calculated as of June 30th, 2006 based on your average compensation as of that date, but including an additional 18 months of service for the purpose of the pension benefit calculation. No additional service or compensation after June 30, 2006 was used. Any service after June 30, 2006 will count towards retirement eligibility.

What is the Process of Retiring from the Phone Company?

Whether you are part of an offering or not the process is the same.

- You will need to decide on two dates
- Your last day on payroll
- Your commencement date 1st of the month following payroll date
- You will need to notify your supervisor of your decision
- You will then need to order your Intent To Retire packet from the Verizon Benefit Connection

Intent To Retire information: It is a two part process

- Part 1 is simply for informational purpose only, however after receiving part 1, you will need to decide how you would like to receive your pension benefit. This step is referred to as "making your elections". This is where you will decide if you want the Annuity from the company or a Lump-Sum payment. If you choose a Lump-Sum you will also need to decide on how you want to have the lump-sum paid out.

You will need to inform the Verizon Benefit Connection of your decision, at which point they will send you part 2.

- Part 2 consists of a Pension Election Confirmation (PEC) form and a Pension Authorization Form (PEA). The PEA form is the one that needs to be signed and returned. If you have chosen the Lump-sum option, and you are married your spouse will need to sign the form in the presence of a Notary.

Tentative Dates of Current Offer

- November 1st 2018
- January 1st 2019
- June 1st 2019

Offer = 3 weeks of pay for every year of service

Paperwork Needed to be filled Out if you are taking this Offer:

- Separation Agreement and Release
- Management Vacation Buyout Form

Documents you Should update when you retire?

- LAST WILL & TESTAMENT
- LIVING WILL
- POWER OF ATTORNEY
- (1) See disclosure Page

Social Security Questions:

How Old do you have to be to Collect at Normal Retirement Age?

Find your year of birth in both charts and decide if collecting early makes sense.

Year of birth	Age
1937 and prior	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Early Retirement at age 62 and Reduction in Benefit

Year of birth	The Retirement Benefit is Reduced by
1937 and prior	20%
1938	20.83%
1939	21.67%
1940	22.50%
1941	23.33%
1942	24.17%
1943-1954	25%
1955	25.83%
1956	26.67%
1957	27.50%
1958	28.33%
1959	29.17%
1960 and later	30%

What is IRS Code Section 72(t)?

If you are under the age of 59 ½ does taking 72(t) make sense?

Section 72(t) states that distributions from qualified retirement plans (IRAs, employer-sponsored retirement plans) may be subject to an additional 10% federal income tax penalty on the amount of the distribution included in the individual's gross income. However, IRA distributions taken for any of the following reasons will generally avoid that penalty.

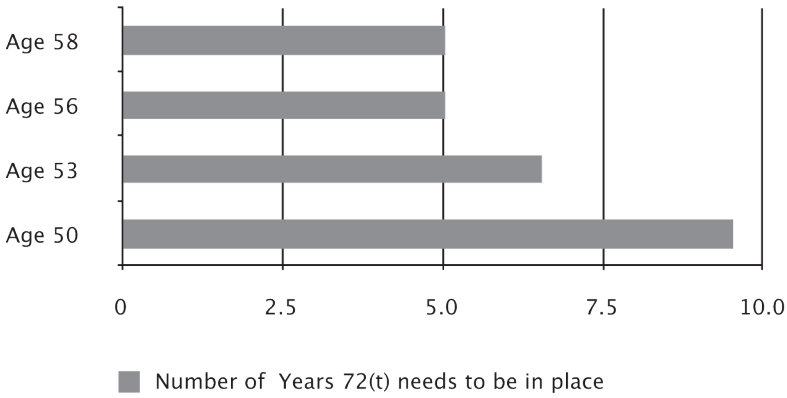
Distributions:

- Taken after age 59 1/2;
- Taken due to death;
- Taken due to disability;
- Taken for a qualified first-time home purchase up to a lifetime maximum of \$10,000;
- Rolled over or transferred to another IRA;
- Taken to pay medical expenses in excess of 7.5% of adjusted gross income (AGI);
- Made by unemployed individuals for the payment of health insurance premiums, subject to certain restrictions;
- Made to pay qualified higher education expenses; or
- Taken as part of a series of substantially equal periodic payments

Payments Cannot Be Modified for Five Years or Until 59 1/2,
Whichever is Longer

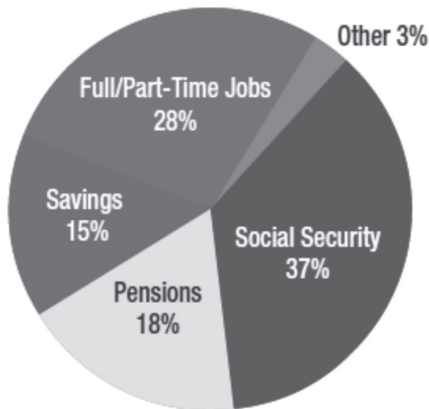
(2) See Disclosure Page

Number of Years 72(t) needs to be in place:



Sources of Retirement Income:

- Personal investing and participation in an employer-sponsored plan are becoming an essential part of successful retirement planning.
- The distribution and consumption of these retirement assets can drastically reduce your future retirement income by terminating the long-term effects of tax-deferred compounding



Source: Social Security Administration, 2008

Why Work with FlagStone

Working with FlagStone Retirement Consultants is different. It is the beginning of a special process that hundreds of current and former Verizon or Bell Atlantic employees have experienced on their way to making one of the biggest decisions of their lives. We always cover the full cost for helping you create your retirement income plan. If you decide to separate from service, our friendly retirement transition specialists will also handle all of the paperwork and follow up with the company to make sure that your separation experience goes as smoothly as possible. We will even double check the company's numbers to help you try to make sure they have gotten it right.

We think this is a better way to invest in building a relationship with you than paying for expensive radio and newspaper advertising. It's a great way for you to learn where you stand and also to see if we would be a good fit for working together going forward. You would only start to pay us once you choose to have our team become your trusted resource to manage your retirement income and become your primary resource for life time financial guidance.

We've done this a lot

It's not about investments, it's about your future

We'll make sure the meal is pretty good too.

If you call me directly at 856.316.7411 I will find the best available location and time for you and your spouse.

Mike Vaules

Owner/Principal

FlagStone Wealth Management

Layoff Planner:

If you are concerned about a possible layoff or downsizing, then you may need to review the recommendations provided with in.

When a company goes through layoffs, there are usually two phases that affect an employees psyche, the Pre Layoff Phase and the Post Layoff Phase. Enclosed is a check list everyone should review if they have concerns about layoffs.

Pre Layoff Check List:

In the Pre Layoff Phase employees start to hear the rumors of layoffs and that their company is possibly going to have layoffs. It is important to follow the steps listed below if you are in this position.

- Rumor vs. Fact- A rumor is just that a rumor of pending layoffs and nothing has been announced, so do not panic, just get yourself prepared.
- Find out if there are any options to move within your organization.
- Contact your HR department and find out all the options available to you:
 - What are your Healthcare options?
 - How much vacation time do you have on the books?
 - Are you vested in your 401(k) and Pension plan?
 - Get a copy of your company SPD for your 401(k) and Pension Plan. Review it with a professional.
- Update your Resume to reflect your current position and achievements.
- Make a household budget to get a grasp of your expenses.
- Seek out a professional to review your saving and retirement accounts.

Post Layoff Check List:

In the Post layoff phase employees have received notice that they will be laid off. It is important to follow the steps listed below if you are in this position.

- Get the full details the layoff in writing and review them with a professional.
- Find out what severance you are eligible for.
- Find out if any moving expense or continuing education expense is offered.
- File for un-employment if you are eligible.
- Ask your former employer for a letter of recommendation.
- Do not go at it alone, stay in contact with co-workers who are in the same position.
- Find out your Health Care options and what COBRA will cost you each month.
- Make a list of things you want to accomplish each day with your new found time.
- Work your network of family, friends, and professional relationships. Let them know you are interested in speaking with them, and getting their ideas.
- Look into fields of work that you have a passion for, take advantage of this opportunity to make a career change.
- Use educational resources to build your skill set.
- Contact a financial advisor to review your Pension, stock option plan, and 401(k) plan.
- Keep busy and stay on a schedule, take advantage of the time.

The key to finding the Silver Lining is having an action plan if a lay off comes your way! Get your finances in order, if you are going to look for work in the same business sector, start ASAP. If you plan on taking advantage of the time for education, find a program that will meet your needs and start it. Realize that this is an opportunity to make changes in your life.

FlagStone is available to speak with your at any time and help guide you through the process!

FlagStone's 5 Important Steps For Retirement Success



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- (1) Legal Estate Planning Documents- The information provided is not intended to serve as a substitute for the Professional Services an attorney at law would normally provide to a client in a personal one-on one setting, including up to the minute legal research.
- (2) 72(t) Distribution- Although one of these situations may apply, you should always consult with a qualified tax advisor prior to taking a distribution from your IRA. If you attained age 55, you may be eligible to separate from service and withdraw all your 401(k) funds without penalty. You may take a loan from your 401(k). It must be paid back with interest. Failure to repay the loan will be considered a premature distribution subject to income tax and a 10% penalty on the amount taken. Repayment terms are generally nonnegotiable.

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