

# Employee Pensions

A pension plan is an agreement between an employee, their employer and, for some jobs, the union. Sometimes, the employer contributes and sometimes the employee does as well. Employers are not required to have pension plans. A federal law, the Employee Retirement Income Security Act of 1974 (ERISA), sets the standards for private pensions. It also provides guaranteed pensions in some cases.

## Your Right to Participate

You must be permitted to participate if you are 21 or older and have worked for at least a year. This means your time at the job will be counted toward qualifying for retirement benefits. Many benefit programs offer the safety and convenience of depositing payment checks directly to your bank account.

## Your Right to Information

ERISA requires that all plan rules be in writing. The plan administrator must explain all facts and rules about your employee benefit plan. You can get the plan rules, your employment records, and a statement of the credit you have earned to date. You can then find out when you will be eligible for benefits and can calculate the approximate amount of your benefits. You also may request copies of the Plan and Trust and a plan description, which outlines your rights, from the plan administrator.

## Eligibility for Benefits

You earn credits by working in a job covered by an employee benefit plan. The plan rules specify how much work an employee must do to earn a year of credit. The rules also explain how many years of credits you need to qualify for benefits.

## Payment of Pension Benefits

If you have not done so, it is wise to contact your plan administrator about pension benefits. The plan administrator has 30 days to give you written notice of your benefit amount and when you are entitled to receive it.

Some plans may offer early retirement benefits and disability benefits. Some plans may give you a lump sum payment if the amount of your benefit is less than \$3500. When you select what type of retirement benefit you want, your spouse will usually be notified and asked to sign a release or consent form.

**Most private employee benefits are taxable income once you start collecting.**

## **Social Security and Pension Benefits**

Under some pension plans, Social Security and pension benefits are integrated, which means that the amount of the pension can be reduced by all or part of your Social Security check. Since 1988, plans are required to leave at least half of your pension in the plan.

## **Survivor's Pension Benefits**

Under most pension plans, employees can choose to have pension payments go to their surviving spouses. Check to see whether survivor benefits and early death forfeiture clauses are in your pension. Early death forfeiture means that your spouse does not receive benefits if you die before the early retirement age in the plan. If you die while you are eligible for employee benefits under an employee benefit plan, your spouse may receive a death benefit. If you wish to have someone else receive this death benefit, tell your plan administrator.

## **Your Right to Appeal**

The plan administrator is required to let you know, in writing, if he or she denies your application for benefits payments. The plan administrator must give you specific reasons for the denial. You have the right to a full review of the denial by all the trustees of the plan. If you are still unhappy with the decision, you can file a lawsuit in federal district court.

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