

I'M QUITTING. SHOULD I KEEP MY PENSION OR TAKE A LUMP-SUM PAYOUT?

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You've made the difficult decision to leave your job.

But another decision remains. Do you keep your pension intact or take a lump-sum payout?

If you decide to keep the pension, you may be able to transfer it over to your new employer's pension plan, in some cases. Or you can leave your pension in your old employer's plan and collect money from more than one pension when you retire.

Taking a lump-sum payout allows you to get paid a single amount upfront to invest as you wish, but it will be taxed — heavily — if you don't have it deposited directly into a locked-in retirement ac-

count (LIRA) or locked-in Registered Retirement Savings Plans (RRSP).

Malcolm Hamilton, a retired actuary, says the decision depends on your age and whether you're comfortable managing your own money.

"Young people will take the payout," he says. "When you're younger, a pension is decades away. It's different for someone whose pension might start next year."

If you're in your 50s and your deferred pension can start at 55, Hamilton says your earned pension amount will be more substantial. Having a guaranteed income in your retirement years will be the more attractive option.

While lump-sum payments can give you more control over your money, if

you're not good at managing your finances, keeping your pension intact is the safer bet.

"If you don't know how to invest your money or you don't have an adviser you trust, you won't make a good return on the payout no matter what you do," Hamilton says.

A payout is also valuable if you leave a job due to health reasons.

"If you're unlikely to live a long life and you may die before you see the pension payments, then it's best to take the payout," he says.

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