

# The better pension provider

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A pension plan is an arrangement whereby an individual is able to get some benefits after retirement. There are several types of retirements that are usually applied for the people intending to get benefits after retirement. But all these plans are grouped into two main plans. These are the defined plans and contribution plans. Whereby in defined retirement plan, a certain specified amount of money is promised monthly to an individual, but most of the time, the plan considers some factors such as the salary of a person or even the services.

For instance a certain percentage of the total salary for the past few years of working as an employer. While defined plan specifies the benefits of an individual, contribution plan as its name suggests, an employer or employee or even the two of them contributes into into a person's account. And for that case the plan do not promise a specific amount of number of benefits that one is likely to get after retirement. A certain percentage of money is deducted from one's annual earnings and saved in the name of an employee. Then the employee will be getting the updates about the account regularly that depends on the amount of money contributed subtracting the losses, due to this, the savings may keep on fluctuating. Another plan is the one that enables employees to make their own contributions considering the favors that they get from the taxes on their retirement benefits accounts.

This plan is referred to as Simplified Employees Pension. An employer may sometimes be allowed to specify the amount of money to be contributed into the account and this is classified under another plan known as Profit sharing. There is another kind of defined plan whereby the investments are mainly dependant on the employer's stock and this plan is called Employer Stock

Ownership (ESOP). Also we have Money purchase in which an employer is required to contribute a certain amount annually. In this an employee's account is given some credit.

Cash Balance Plan is another that shows the amount one is to get when he/she is ready. Also there are other plans that people can start on their own. Basic individual retirement account (IRA) is an where an individual opens an account and contributes some cash into it yearly. This is done by people who are over fifty years of age and above. This money is not legible for taxation up to the time the person withdraws at the retirement time. Workers who participate in worker-sponsored plan are restricted in some ways in order to make it easier for deductions to be done into the (IRAs).

But then there is another that uses almost the same terms and conditions as basic IRA, only that the cash in it's account is not is not subjected to taxation in any way. This plan is commonly referred to as Roth IRA. The only problem encountered by individuals who are holding such an account is that the married have a limited amount of money to contribute. Also there is 401(k) plan which is very prominent in the citizens of the United States. it basically involves an employer the funds into this plan are obtained from the worker's salary and any other contribution from the employer.

The money in this plan's account is differed from taxation the cash is withdrawn when the person retires . Employers most often match the workers' savings in the account. There exists other simple retirement plans for workers especially the self employed individuals. The terms and conditions of this plan are exactly like those used in 401(k), but then a

person is given a specific amount of cash that should be contributed into the account yearly. (SEPs) is another common plan which is meant for the individuals who employ themselves even the small scale businesses.

It basically comprises of a number of the (IRAs), it makes it easier for the employers to put funds into their own (IRA) accounts and those that the workers have established and are controlling. Large sum of contribution is required here as a way of saving which is of beneficial to the worker (Job Employment Guide). A number of things are put into consideration when one is choosing a plan. A retirement plan should be eligible, flexible as it can give an individual loans based on hardship and which criteria to use in withdrawing, beneficial and age should be put into consideration so as to get the benefits in time (retirement plan). The initial pension plans may be so outdated, but still they do exist in some places in the United States.

These plans can to a number of reasons, and this is due to the kind of services that they give. They offer a paycheck that is guaranteed and lasts for a long time. Usually this is beneficial to the married, the plan is monitored and controlled by people qualified for that and the companies involved are always available to give any assistance. Few employees in private institutions in the United States are protected by defined plans. One of the factors that hinder the traditional plans is that there are number of large manufacturers and those that make large amounts of profit and these two encourage people to have an employment that will last long.

The defined plan does not help the company alone to maintain its employees for long, but it is also important in maintaining the company's name

especially to its customers. Some companies that had previously been using the ancient retirement plans, have turned to cash balance retirement plan because this helps the youthful employees who may not last in one company to get their benefits yearly, but this exercise does not have a guarantee to them and is not beneficial to the married in different ways. Government jobs do not pay like private jobs and this brings about several differences to the two plans. In public sector workers don't pay the social security tax because the amount deducted from their salaries into their pension accounts caters for that, while in private institutions, workers do pay the money (Pullim L Weston). The union retirement is beneficial to its members as it saves the people paying taxes a lot of money. It also helps members to get their benefits as earlier as when they are fifty seven years and even thirty years, unlike other unions whereby one is eligible for the same when he/she is at the age of more than sixty years.

Due to this many opt to join such unions in order to cater for their future and even the future of their generation (N. Y. Albany). For the past few years, the benefits of an employer have been made customer friendly and accommodates both permanent and temporary workers in all employing institutions. This survey was conducted ten years ago and everything concerning the individual's occupation was drafted. This has made it easier for the unions to be aware of participation and how the benefits are to be given to the employees.

Meaning that the union is aware of the kind of occupation that a worker is in and whether is member or not. In organization of labor, a worker should negotiate with an employer about the kind of work to be done. Also settling <https://assignbuster.com/the-better-pension-provider/>

terms must be strictly on signed materials and agreeing (Wiatrowski W. 1994) Members of the union pension plan are usually given other important services like getting their medical bills paid. This is because most working class people need to go and see a doctor regularly for check up; they need a huge amount of money in order to do so.

In other words the union caters for the health of an individual (Teamsters 63). The union provides the working people with other benefits such as retirement benefit. Unions protect the members against in their economy by the capitalists. Because lack of a source of income at an old age is a problem in a country that is governed by the capitalists, people use it as a source of funds to support them at the old age. The plan also helps in the centralization of these benefits as it is favored (Reynaud Emmanuel 1996).

Pension plans are crucial more especially to the working people who want to be secure during the retirement period. But few numbers of employing bodies provide their employees with it. And for those that do, usually gives a defined kind of pension plan. We also realize that with defined retirement plan, retirees are sure of a certain specific amount of money at the end of each month. This plan is often financed by the employers through a program that exempts them from being taxed, and it guards all the workers who have attained all the requirements for that. Many companies have decided to evade this plan and instead turned to other plans.

We also realize that the union workers are able to express themselves unlike those nonunion employees, and because of this, they are granted a benefit advantage. They are given pensions that are of much beneficial to them too.

Many people have decided to be members of union pension plan. The plan is easily accessed for easy monitoring of worker's benefits in the future especially on online resources. Defined pension plan has acted as an umbrella for the American employees as it guards and protects their retirement benefits. As it is controlled by people who are experienced managers, and even the fee required is not that much.