

Segment Rate Update (April Numbers)

The IRS has posted updated Min Present Value Segment Rates for the month of April 2021. They are as follows:

| <u>First Segment</u> | <u>Second Segment</u> | <u>Third Segment</u> |
|----------------------|-----------------------|----------------------|
| 0.67 | 2.84 | 3.47 |

Source: <https://www.irs.gov/Retirement-Plans/Recent-Interest-Rate-Notices>

This represents a change from the previous month as follows:

| <u>First Segment</u> | <u>Second Segment</u> | <u>Third Segment</u> |
|----------------------|-----------------------|----------------------|
| Decrease of 0.02 | Decrease of 0.08 | Decrease of 0.22 |

Based on the 3-month average that the CRP uses (February, March, April) the Segment Rates for July 2021 retirement are:

| <u>First Segment</u> | <u>Second Segment</u> | <u>Third Segment</u> |
|----------------------|-----------------------|----------------------|
| 0.623 | 2.767 | 3.537 |

This represents a change from the previous month as follows:

| <u>First Segment</u> | <u>Second Segment</u> | <u>Third Segment</u> |
|----------------------|-----------------------|----------------------|
| Increase 0.057 | Increase of 0.153 | Increase of 0.100 |

The newly published IRS rates will be factored into the 3-month average used for the CRP lump sum calculation for Chevron employees who wish to take the CRP lump sum in July 2021.

As an example, for a married client age 59, from January 2015 to January 2016, we saw the 1st Segment rise 0.36, the 2nd Segment rise 0.27 and the 3rd Segment rise 0.17; this resulted in a decrease in the lump sum value of ~2.5%. Due to the individual nature of the actual CRP lump sum calculation, you would need to run the estimator for July 2021 to determine the impact to your value.

Below is a rolling 1-year chart of the IRS Minimum Present Value Segment Rates and the 3-month average used for the CRP.

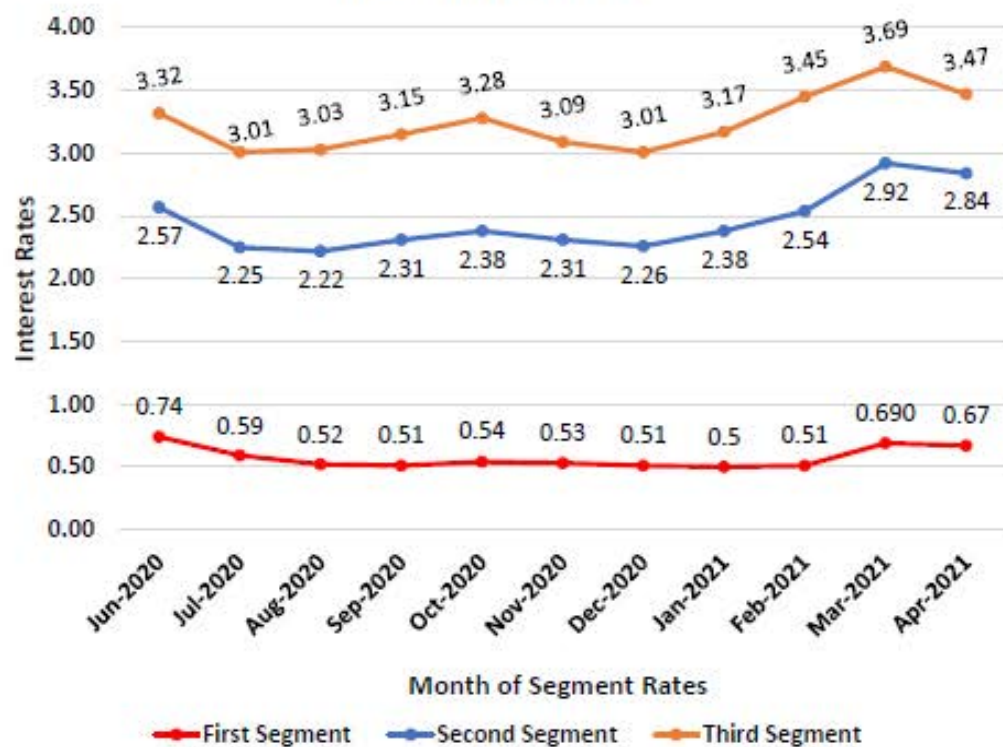
The IRS publishes a table of Minimum Present Value Segment Rates here: <https://www.irs.gov/Retirement-Plans/Minimum-Present-Value-Segment-Rates>

This is for illustrative purposes only. Any discussion of lump sum values is not a recommendation to forego the annuity option available. Only an individual analysis can provide that information.

Any reference to CRP is to the Chevron Retirement Plan (hired before 1-1-2008). Company retirement plans are subject to change. For specific plan information consult your human resource department or your plan document.

Insight Wealth Strategies, LLC is not affiliated with Chevron.

IRS Segment Rates



Chevron's Pension Segment Rates

