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IMPORTANT DECISIONS WHEN PREPARING FOR RETIREMENT

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Q: I am going to retire this year and I have many questions about how to handle my finances.

First, is it better for me to take my employee pension payment as a lump sum, which would total $250,000, or to take the monthly payouts, which are about $1,800?

Second, I have been putting money into an Individual Retirement Account and would like to know when I can start taking that money out. Again, would it be better to take all the money at once or to take it out over time?

Third, when can I expect my Social Security payments to begin? Do I have to notify the Social Security Administration of my retirement, or will they know automatically when they stop getting payroll deductions from my company?

T.C., via e-mail

A: Good for you for thinking about financial planning for your retirement ahead of time. Your nest egg should allow you to enjoy a comfortable retirement.

You do have a lot of decisions to make in the coming months, though, and Nancy Langdon Jones, a certified financial planner, has plenty of advice for you.

She suggests you deal with Social Security first.

"Yes, you have to notify the Social Security Administration; they don't just start sending checks," she said.

"You should notify the Social Security Administration three months before your scheduled retirement date and then you will start receiving the monthly checks."

The Social Security Administration can be reached at 800-772-1213.

As for your employee pension, Langdon Jones recommends taking the full $250,000 now.

"Generally, it is best to take the lump sum because you have the control," she said. "Once the monthly payments are accepted, you can't change back to a lump sum. If you take the monthly payments, you get taxable payments of $1,800 per month forever. If you take the lump sum, you can roll it over into an IRA, and then set it up to get any amount per month that you need. That might be zero, or it might be $500 or more. The only time that it is right to take the monthly payments is if you are truly scared or lack the financial knowledge to invest it yourself. Otherwise, the lump sum option gives you more flexibility."

As for your second question, you can take money out of your IRA at any time after age 591/2, according to Langdon Jones. However, she recommends that you only take the money you need to maintain its tax-deferred status for as long as possible.

"When you are 701/2, you'll have to take mandatory distributions," she said.

The manager of your IRA will be in touch with you about how you want your mandatory distributions.

Please send questions to business@nypost.com.