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# Retiring Ford workers to get payout option

## Beginning in July, salaried employees can take lump sum

**BY MELISSA BURDEN**

Beginning in July, retiring Ford Motor Co. U.S. salaried workers will be eligible to receive a lump sum payout of their pensions instead of the traditional annuity option, the automaker said Friday.

About 25,000 U.S. salaried workers were told in October memos that they would have the option beginning in July, and a Ford representative told analysts about the option during a webcast Friday, said Ford spokesman Todd Nissen.

"We did say that we plan to begin offering lump sum payouts as an option to future retirees," he said.

Ford announced in late January that it is working to reduce its pension risk.

Its worldwide pensions at the end of 2011 were underfunded by $15.4 billion — up from $11.5 billion a year ago.

In the U.S., Ford's pension obligations are underfunded by $9.4 billion, up from $6.7 billion. Ford, which contributed $1.5 billion to its global pension plans in 2010, plans to make $3.5 billion in contributions to those plans this year, including $2 billion to its U.S. pension funds.

The Dearborn-based company isn't releasing any savings estimates on the move or its expectations, but the payouts would reduce the automaker's pension liability.

"If you have less people drawing in the future … it reduces the risk to the overall plan," Nissen said.

Ford would not provide age or any other demographic breakdowns of its salaried work force, Nissen said.

David Kudla, CEO and chief investment strategist of Mainstay Capital Management LLC in Grand Blanc, said there are several advantages for employees to take a lump sum distribution.

"The advantage of the lump sum, you can invest any way you want and take the distributions at any time you want," he said, adding that can aid in tax liability.

The current low interest rates also would benefit workers, because they would receive a higher lump sum payment, Kudla said.

"It's a favorable time to be doing it," he said.