

Ford's lump-sum pension offer is tempting, but run the numbers first

By Susan Tompor (excerpt)
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About 90,000 salaried retirees and former employees from Ford will soon decide whether they want to get a pension check each month or grab a bundle of money and go.

On Friday, Ford announced an unusual move to offer a lump-sum option to a select group of salaried people as an alternative to a traditional pension. Ford isn't ending its pension for salaried employees and retirees, it's just offering a lump-sum option now to some folks.

The idea is for Ford to limit its own costs and risks associated with such a large, ongoing pension plan.

"We expect this will be a onetime offer," said Marcey Evans, a spokeswoman for Ford.

So is this like a big win in the lottery? A great way to pay off that house and move on? Not quite.

We're not sure which kind of lump sums individuals could be offered. But some financial planners say some Ford salaried people who are in their late 50s and have been at Ford for decades could be looking at payouts of \$300,000 or \$400,000, or more.

Evans said Ford cannot provide a range now because amounts will vary depending on various individual factors.

Ford plans to put salaried retirees and former employees into smaller, separate groups on a random basis. Each group would have a few months to complete the process.

"We expect to complete all groups sometime next year," she said.

Before anyone goes out and buys a boat on Friday's news, though, it's best to seriously run the numbers.

You need to understand what kind of lump sum you're getting and how much money you need to generate in retirement.

"It's worthwhile for anybody to look at it," said David Kudla, CEO and chief investment strategist for Mainstay Capital Management in Grand Blanc.

He said the lump sum could give people more options for managing the money and withdrawing it in retirement as they see fit. ...