

GM lump-sum payouts leave retirees with questions

By Susan Tompor (excerpt)

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Thousands of General Motors Co. and Ford Motor Co. salaried retirees are looking at an offer to take lump-sum distributions and give up monthly pension checks.

Here are questions and answers from a recent chat:

Ken Martin asked: What amount can I expect in a lump-sum amount if my monthly annuity is \$3,013 and I am 64 years old and male? I am working and plan to retire in a year. Should I retire now and take the lump sum? I am in pretty good health. My GM pension was frozen in 2007 with 39 years of service.

David Kudla, CEO of Mainstay Capital Management, answered that based on the \$3,013-a-month payment and taking the lump sum at age 65, you can expect a payment in the \$500,000-range. The decision to retire and take the lump-sum payment should be based on several factors and your overall retirement income plan. Other sources of income, expenses in retirement, and the rate of return expected on your investments all enter into this important decision. ...