

## Many auto workers look to hang onto bonuses

By Susan Tompor (excerpt)  
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Auto bonuses are back in the Rust Belt. But after the bitter recession brutalized the finances for many working in the auto industry, what is the right thing to do with the newfound cash?

Do you hoard it thinking good times won't last?

Do you spend it thinking bad times absolutely have got to go?

Because of the overhang of tough economic times, many are telling co-workers they want to be more conservative -- either by putting money into savings or paying off college expenses for their children.

David Kudla, CEO and chief investment strategist for Mainstay Capital Management in Grand Blanc, said many of his firm's clients said they intend to put their auto bonus into retirement savings, including a Roth IRA, and college savings plans. Many plan to pay off debt, too, he said.

On Wednesday, hourly profit-sharing payments will be made to Ford-UAW workers. Hourly workers already received one profit-sharing check in December and will receive another now that reflects Ford's North American financial performance for the second half of 2011.

For the second half of 2011, the hourly profit-sharing formula generated approximately \$2,450 per eligible employee.

For the full year, the profit-sharing formula generated about \$6,250 per eligible employee.

On Thursday, about 24,000 salaried employees at Ford around the world will receive bonuses.

General Motors and Chrysler employees have bonus money, too. ...

...At General Motors, performance bonuses recently went out to about 26,000 salaried employees. And about 47,000 hourly GM workers saw profit-sharing checks averaging \$7,000.

At Chrysler, about 26,000 hourly and salaried UAW workers received profit-sharing checks last month that averaged \$1,500 before taxes. Salaried employees receive an award based on a performance plan. ...

...At GM, for example, bonuses will range from 8% to 14% of base pay before taxes, according to estimates. ...

...Some GM salaried workers, fearing upcoming cuts in their pensions, say their bonus money is heading straight to retirement accounts, including the 401(k). ...

...While it's important to build retirement savings, people need to consider how they're tackling that challenge, though.

David Kudla, CEO and chief investment strategist for Mainstay Capital Management in Grand Blanc, warns that people need to be careful when deferring an entire bonus into a 401(k) plan at a company.

Employees can elect to have all or part of a bonus put into a 401(k) plan as a way to defer taxes. But at GM and Ford, it's important to remember that these bonus contributions to the 401(k) plan are not matched by the company, Kudla said.

Both automakers offer matching contributions for salaried workers out of regular 401(k) contributions from pay.

At Ford, the match will increase to 80 cents per dollar of salaried employee contribution up to 5% of base pay as of July 1. The current match is 60 cents.

Matching contributions are based on a pay-as-you-go formula. So you get the company match every pay period that you contribute the necessary amount of eligible pay. ...

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