

Lump-sum pension questions, answers

By Susan Tompor (excerpt)
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Thousands of General Motors and Ford salaried retirees are looking at an offer to take a lump sum and give up a monthly pension check.

Here are a few questions and answers from a recent chat:

QUESTION: Ken Martin asked: What amount can I expect in a lump-sum amount if my monthly annuity is \$3,013 and I am currently 64 years old and male? I am still 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.

ANSWER: 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. ...