

## What Ford salaried workers saw as a payout in latest layoffs

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Ford salaried employees, who were shocked when they were let go this week, are reviewing severance packages that could offer up to nine months of pay for longtime workers.

David Kudla, CEO of Mainstay Capital Management in Troy, said he has seen severance packages from clients who are salaried workers at Ford that include nine months' salary, which would be offered as a lump sum, plus medical coverage during that time for those who have 20 years or more with the company.

But the payout is based on years of service and would drop for those employed by Ford for fewer years. Someone with 10 years to 11 years, for example, would be looking at four months of pay in a lump sum as part of their severance and six months of health care coverage.

By contrast, someone with five years or less of service would be looking at one month of pay.

Some health care coverage is offered for a limited time, ranging from three months to nine months of coverage, again depending on length of service. The health care coverage and severance earned are based on different schedules. At one year, for example, the employee would receive three months of health care coverage.

Those eligible to retire can receive the severance, Kudla said, plus their retirement.

If employees do not sign a waiver, no benefit will be paid as part of the workforce reduction.

Ford employees have 45 calendar days from the date they were notified that they are being terminated to sign a waiver and accept the package, according to a Ford notice to employees. After the waiver and release agreement is signed, the salaried employee has seven calendar days — or 15 calendar days in Minnesota — to revoke it.

Kudla said the terminated workers would receive the lump sum within about a month of accepting the severance package.

Kudla said his clients who are dealing with the most recent layoffs are in a variety of fields, including engineering, manufacturing and purchasing. Some clients, he said, are in their late 50s and early 60s and looking at retiring.

Clients who had been with the company for decades might have a traditional pension. But Ford employees hired or rehired after Jan. 1, 2004, Kudla said, are covered only by a defined

contribution plan, not the defined benefit plan or traditional pension.

During the past week, Ford offered several time slots for a 90-minute virtual session for salaried employees who were let go but hired or rehired before Jan. 1, 2004. And a 60-minute session was offered for those hired in 2004 and after, as part of its "Salaried Involuntary Reduction Process."

Many employees expressed frustration that they attended a short virtual meeting and then were quickly told they were let go. They were then escorted out of the building if they were on-site.

Thanks to a tight job market, many employees will have options to find work elsewhere. Ford has said it plans to offer a career fair in the future to help those who lost jobs find work. But employees remain uncertain about how tough it could be to find a good paying job and whether they'd need to relocate.

Part of the package gives a nod to the COVID-19 pandemic and the supply chain disruptions that limited the supply of new cars and trucks.

Typically, Ford salaried employees who have lost jobs in the past have had to turn in their company vehicles within a few days or less. But this package offers salaried workers the option of keeping that Ford car or truck for up to one month while they decide whether they want to purchase it using a Ford employee discount plan.

This benefit applies to Ford employees who have access to management lease vehicles.

"First thing you do is get your bank account fat and your spending plan skinny," Kudla advised anyone facing a layoff. **Kudla's firm has a piece called "Separating From Ford" at [www.mainstaycapital.com](http://www.mainstaycapital.com).**

Ford sent a memo to about 31,000 employees in North America on Monday stating that the automaker would reduce its salaried workforce by 2,000 and agency employees by 1,000 in the United States, Canada and India.

Most of the cuts will be in the U.S. "The majority of our employee base is in Michigan so therefore a significant percentage of the job cuts are in Michigan," Ford spokesman Mark Truby said earlier in the week.