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Make these financial moves if you've lost your job

By Susan Tompor (excerpt)
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While the layoffs at Ford Motor Co. are the latest to grab headlines, the automaker isn't alone in trimming its payrolls. Retailers, snack foods companies, manufacturers and others are cutting costs across the country, too.

This year, Michigan has seen or is expected to see layoffs at General Motors, the Detroit Medical Center, Concerto of Michigan, as well as job cuts when a variety of retailers, including the Dressbarn, eventually shut their doors.

Many times employees are caught totally off guard. ...

... Consider lump sum or regular pension check

Think hard about whether it makes sense to trade in steady pension checks that offer income for life for a one-time, lump sum payment.

If you're laid off or taking a buyout from Ford, for example, you'd typically have to make a decision requesting a lump sum pension distribution within 180 days of leaving that job, said David Kudla, the CEO of Mainstay Capital Management.

Do nothing, and you'd receive your monthly pension check when you decide to retire.

There is one caveat: If you've not started taking a pension check before age 65, he said, the window opens up again to make that lump sum decision when you're 65. You must have 30 years of service or be at least 55 with 10 years of service to qualify.

Rules vary by company. So double check with your company if you want a lump sum.

A lump sum distribution could make sense if someone is in poor health and would like to leave a lump sum to their children.

But proceed cautiously, as you're taking on more risk and possibly extra costs.

It may not make sense to buy a high-cost annuity, which offers a stream of payments but may include high surrender charges for cashing out too early and other fees. If you need to take out more money than expected in some years, you might face much higher fees. You need to dig deep into the details. ...

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