Ford To Add $3.8B To Pension Plans

The Associated Press

DETROIT (AP) — Ford Motor Co. will pump $3.8 billion into its global pension plans this year as it tries to get them closer to fully funding their obligations.

The company also raised the annual pay for its 16 directors by 25 percent to $250,000, according to its annual report filed Tuesday with the U.S. Securities and Exchange Commission.

Ford said it will put $2 billion into the U.S. pension plan, make $350,000 in benefit payments and put the remaining $1.45 billion into other plans across the globe. As of Dec. 31, the U.S. plan was $9.4 billion short of its obligations, while global plans, which include the U.S., were short by $15.4 billion, the report said.

The company said that it expects the global funds to be fully funded during the next few years based on long-term investments and company contributions.

The U.S. plan was worth $39.4 billion at the end of last year, while plans outside the U.S. were worth $19.2 billion.

Ford said it plans to re-balance the pension assets to cut risk over the next several years, with the goal of placing 80 percent of the money in fixed-income investments and 20 percent in growth investments.

The Dearborn, Mich., company said it gave the 16 directors a raise after finding out that they were paid less than the median level paid at similar companies. The directors are required to take $150,000 of their compensation in company stock.

Ford directors made $200,000 per year until July of 2006, when the pay was cut to $100,000 as the company was headed into financial trouble. Cash payments were eliminated in 2009, and the $200,000 annual compensation figure was reinstated in 2010, company spokesman Todd Nissen said.

The board also increased the annual consulting fee paid to Edsel Ford II, great-grandson of company founder Henry Ford, for work in the community, motor sports, dealer relations and education. Edsel Ford will get $650,000 per year. He had received $500,000 per year in an agreement that began in 1999, Nissen said.

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