

Kodak not reinstating pension lump sums this year

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Eastman Kodak Co. workers who earlier this year lost the option of taking a lump-sum pension payment upon retirement won't get that option back anytime soon.

In a letter to its U.S. workers Monday, the printing and imaging company said a new evaluation of its Kodak Retirement Income Plan shows that it is 74 percent funded. According to Kodak, as long as the company is in Chapter 11 bankruptcy, it cannot pay out pensions as lump sums until the fund is at 100 percent.

Meanwhile, federal highway legislation could end up putting Kodak's pension plan on somewhat more solid footing. The Moving Ahead for Progress in the 21st Century Act, which was signed into law in July, included completely unrelated provisions having to do with how employer pension plans have to calculate their funding contributions. With interest rates at a historic low, the net effect of the changes is that companies' required plan contributions should drop.

In its employee letter, Kodak said it opted not to use this new valuation this year, though it would have meant the pension plan was 100 percent funded and thus could have resumed paying out lump-sum benefits to retiring workers. But if Kodak had resumed such payments this year, the federal Pension Benefit Guaranty Corp. indicated it would take over Kodak's pension program. This not only would result in no lump-sum payments but also the likelihood that many Kodakers would see a cut in pension benefits, according to the company.

For pensions the PBGC is overseeing, people who retire this year at age 65 can receive a maximum of \$4,653 per month, or \$55,836 a year.

The PBGC, which safeguards private sector pension plans, did not return a message Monday seeking comment.

Kodak said it would conduct a separate evaluation of its pension plan related to benefit restrictions next year. The company said Monday that if at some point it reinstates the lump sum, people who left the company in the interim would have a chance to quit receiving regular pension payments and go instead with a lump sum.

For the first six months of 2012, Kodak spent \$17 million on its pension plans worldwide.

As of the end of 2011, Kodak employed 8,300 people in the United States, including 5,100 locally.

The assets of Kodak's KRIP pension plan are kept in a separate trust. Its Kodak Excess Retirement Income Plan and Kodak Unfunded Retirement Income Plan — a pair of supplemental pension plans for highly compensated retirees — were paid for directly out of company assets. Both of those supplemental pension plans were eliminated in January when the company filed for Chapter 11 bankruptcy protection.