
To exit DB plan, Motorola buys group annuity from Prudential

By Editorial Staff *Thu, Sep 25, 2014*

Motorola Solutions Pension Plan intends to purchase a group annuity contract under which Prudential will pay and administer future benefits to the approximately 30,000 retirees who currently receive payments.

Under an agreement between The Prudential Insurance Company of America, a unit of Prudential Financial, Inc., and Motorola Solutions, Inc., Prudential will assume responsibility for the monthly pension benefits for Motorola retirees, Motorola announced this week.

Motorola's eligible U.S. pension plan participants will be able to apply for lump-sum pension payments. The actions are expected to reduce Motorola Solutions' ongoing U.S. pension obligation by \$4.2 billion. The company plans to contribute \$1.1 billion in cash to its U.S. pension plans in 2014.

"Our retirees' benefits are not changing, just who provides them," said Gino Bonanotte, Motorola Solutions chief financial officer, in a release.

Prudential will pay and administer future benefits to the approximately 30,000 retirees who currently receive payments. The parties expect the transaction to be completed in 2014, with Prudential assuming responsibility for making the benefit payments beginning in early 2015.

In addition, approximately 32,000 pension plan participants will be able to apply to receive a lump-sum payment of their accrued, vested pension benefit. To be eligible, participants must have left the company before June 30, 2014, and accrued a pension benefit but have not yet started receiving benefit payments. The application period runs from Oct. 2, 2014 to Nov. 7, 2014. Total lump-sum payments will be capped at \$1 billion, with the smallest amounts qualifying first.

There are no changes for active employees who participate in the plan. Motorola offered the pension plans to U.S. employees hired before Jan. 1, 2005, with no additional benefits accrued for participants as of March 1, 2009.

Overall, Prudential manages the pension benefits of 1.6 million participants at more than 5,700 companies.

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