TikTok names top Disney streaming exec as new CEO

TikTok, the popular short-video app that has also drawn national-security and privacy concerns, has a new high-profile CEO from Disney, Kevin Mayer.

Mayer will also be chief operating officer of TikTok's Chinese parent company, ByteDance, and report to its founder and CEO, Yiming Zhang, the company announced Monday.

He led Disney's streaming business, which launched Disney Plus in November and has already emerged as a threat in the increasingly competitive streaming-video arena, with 54.5 million subscribers. Mayer was also known for his role in building Disney through mergers, including the industry-changing 2019 acquisition of 21st Century Fox's TV and film business that created an entertainment behemoth.

TikTok's app features short videos, many with music and dancing, that has become a favorite of younger people and is known for its goofy, light-hearted feel. Like YouTube, it's known for "user-generated" content rather than the big-budget, professional movies and TV shows Disney is famous for.

Having a U.S.-based CEO from a major American media company could help TikTok navigate the U.S. regulatory environment and approach to privacy and data security, said eMarketer analyst Debra Williamson. "Having someone who's familiar with that at the helm is certain to be helpful for them," she said.

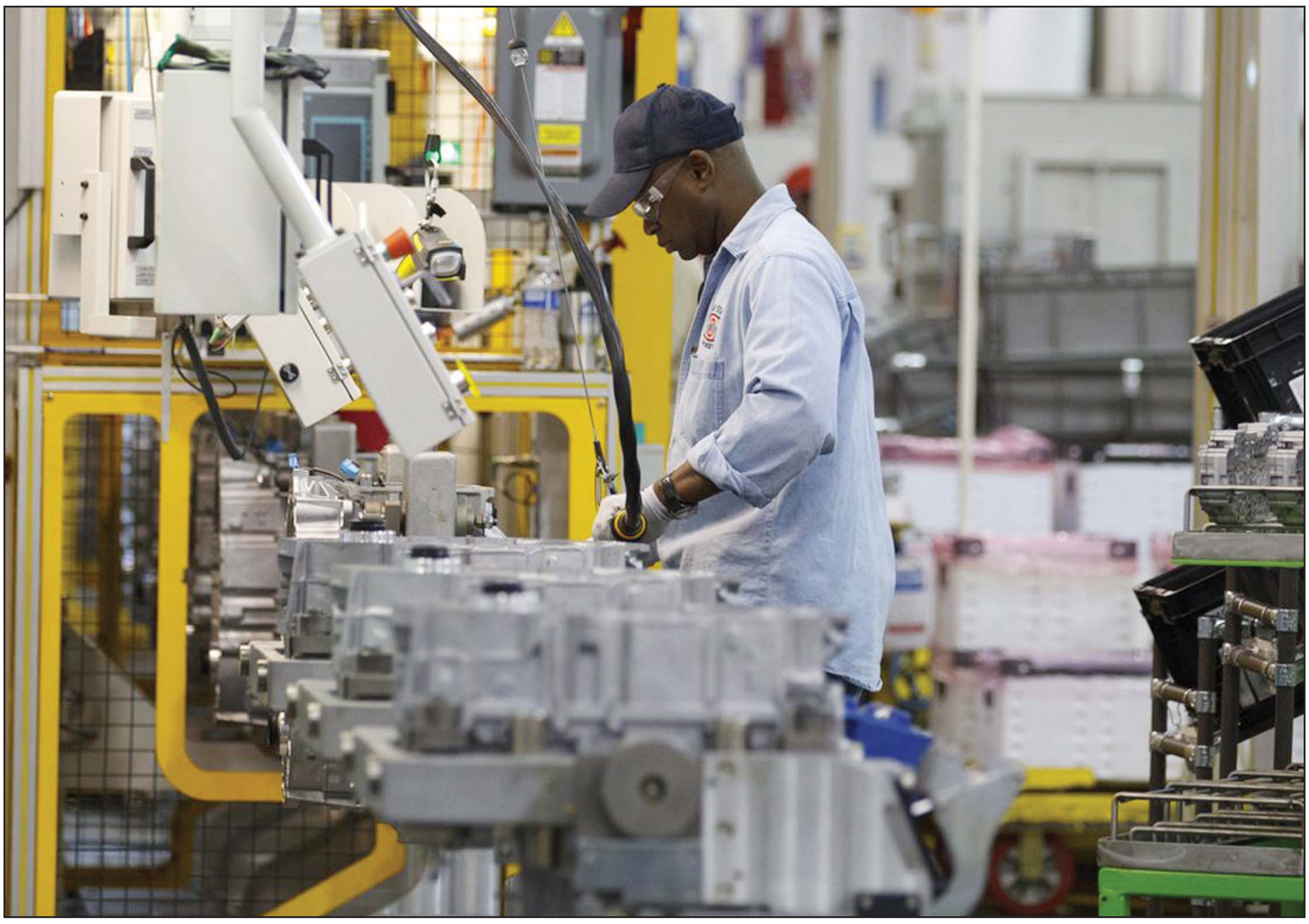
TikTok has been the focus of U.S. national-security concerns because of its Chinese ownership. A U.S. national-security agency is reviewing ByteDance's purchase of TikTok's precursor, (AP)

In this file photo, Disney chief strategy officer Kevin Mayer visits the company's 'accelerator' space in Glendale, California. (AP)

Business Plus

Ford is predicting stronger sales in the future in Europe, China and US

Auto workers' tenuous return a ray of hope in jobs crisis



In this file photo, an autoworker assembles a transmission at the General Motors Transmission Plant in Toledo, Ohio. Defying a wave of layoffs that has sent the U.S. job market into its worst catastrophe on record, at least one major industry is making a comeback: Tens of thousands of auto workers are returning to factories that have been shuttered since mid-March due to fears of spreading the coronavirus. (AP)

By Tom Krisher

Defying a wave of layoffs that has sent the U.S. job market into its worst catastrophe on record, at least one major industry is making a comeback: Tens of thousands of auto workers are returning to factories that have been shuttered since mid-March due to fears of spreading the coronavirus.

Until now, it was mostly hair salons, restaurants, tattoo parlors and other small businesses reopening in some parts of the country. The auto industry is among the first major sectors of the economy to restart its engine.

> ‘ Those consumers who are still unemployed are not likely to be making auto purchases ’

About 133,000 U.S. workers - just over half of the industry's workforce before the pandemic - are expected to pour back into auto plants that will open in the coming week, according to estimates by The Associated Press. In addition, parts-making companies began cranking this week to get components flowing, adding thousands more workers.

Looming in the background is an economy decimated by the pandemic. Nearly 3 million laid-off U.S. workers applied for unemployment benefits last week, raising the total seeking aid in the past two months to about 36 million. Although some states have begun to let selected businesses reopen, workers are still reporting difficulty getting unemployment benefits. Freelance, gig and self-employed workers are struggling.

Even the auto sector won't see a full return to normal yet, and if people don't start buying vehicles again, workers could be sent home. Yet automakers say there's enough pent-up demand, especially for pickup trucks, to get factories humming again.

That could help states slow the drain on their unemployment benefit funds. In Michigan, where over one-third of the labor force sought benefits, the fund fell from $4.6 billion before the pandemic to $4.1 billion on April 30, said Jeff Donofrio, director of the state Department of Labor and Economic Opportunity. Some returning auto employees could work part-time and get still some unemployment benefits, but federal programs could cover part of their payments, he said.

At Ford, where about 47,000 U.S. factory workers will return this week, there's optimism that consumer demand will accompany them. Chief Operating Officer Jim Farley said the company has seen sales start to recover.

Ford is predicting stronger sales in the future in Europe, China and the U.S. based on data collected from new models equipped with internet modems that show the number of times an engine is turned on and off. The company found a correlation between the number of trips people take and auto sales, with trips increasing as restrictions eased.

"We started to see in early April a change where people started to take more trips," Farley said Thursday. "The (sales) decline stopped and our retail sales improved a lot."

Auto sales in China, where the virus peaked before the U.S., could be a harbinger of things to come. China sales fell just 2.6% in April from a year earlier, compared with a 48% free-fall in March. Production at many plants is nearly back to normal after being shut down in January and February. Volkswagen, Honda, Mercedes and Ford reported no virus cases among employees since reopening. Fiat Chrysler had two, but said the workers never entered factories.

Things are worse in Europe, where sales plummeted 55% in March and some factories are running at only 40% of capacity. The pandemic has affected over 1.1 million European auto industry workers, almost half the sector's manufacturing jobs. Most are getting paid through government support. A survey of auto parts suppliers shows that a third of executives believe it will take at least two years for the industry to recover.

U.S. sales fell 46% in April compared with a year ago, but analysts are forecasting a smaller decline of 30% in May. Sales have been juiced by incentives, with offers of 0% financing for seven years.

Pickup trucks are giving automakers the most hope, said Jeff Schuster, senior vice president at LMC Automotive, a consulting firm. From January through April, total auto sales were down 21%, but pickups were only off 4%, he said.

Yet Schuster says automakers could be a little too optimistic. "Those consumers who are still unemployed are not likely to be making auto purchases," he said.

Some U.S. automakers, like General Motors, are restarting slowly, only bringing back workers on one shift in factories, some of which ran around the clock before the pandemic. Others, like Subaru in Indiana, have a full complement of employees.

Although companies are taking precautions, one big virus outbreak at an auto plant could send the industry back into hibernation. And the industry could face parts supply interruptions from Mexico, where the government wants to reopen factories despite rising virus cases.

Automakers in the U.S. are requiring employees to fill out questionnaires daily to see if they have symptoms, taking temperatures with no-touch thermometers before workers enter buildings, and requiring gloves, masks and face shields. They've also tried to keep at least six feet between workers, staggered time between shifts so workers don't interact, and put up plexiglas barriers when possible.

All the steps were tested on U.S. workers who volunteered to make protective gear and breathing machines while they were laid off. Automakers say they know of no virus cases among workers in the effort.

But Phil Cuthbertson a worker at GM's transmission plant in Toledo, Ohio, who will return this week, said he has mixed feelings.

"I just don't want the whole thing to be pushed on us to go back if it's not safe," he said.

Cindy Estrada, United Auto Workers vice president for Fiat Chrysler, said she's been impressed by the companies' safety commitment. But she's sure some workers, especially in the hard-hit Detroit area, will be fearful because family members or co-workers have had COVID-19. At least 25 UAW members employed by Detroit automakers have died from the virus, although no one is sure if they caught it at a factory.

The union will be watching in case workers get infected, though there's no magic number for when it will try to close a factory, Estrada said.

"If something looks like it's becoming a hot spot, then we need to act quickly and make adjustments," she said. "No one wants to see that happen." (AP)

Move could be the right tool at the right time ... or an expensive mistake

Should seniors consider a reverse mortgage now?

By Liz Weston
NerdWallet

Reverse mortgages allow older homeowners to turn part of their home equity into tax-free cash, using a loan that doesn't have to be paid back until they die, sell or move out.

That sounds good to a lot of seniors navigating financial fallout during the coronavirus pandemic. Stay-at-home orders may have taken away jobs needed to make ends meet, while low interest rates and a volatile stock market have endangered income from retirement savings.

> ‘ They don't quite understand what compounding interest means ’

A reverse mortgage could be exactly the right tool at the right time. Or it could be an expensive mistake. It's important to understand exactly how these loans work and to explore alternatives before you commit.

REVERSE MORTGAGE BASICS

Most reverse mortgages are Home Equity Conversion Mortgages (HECMs), which are insured by the federal government. Borrowers must be 62 or older and have substantial home equity.

The amount you can borrow not only depends on your equity and the home's value, it also varies based on your age, current interest rates and HECM program limits. The higher your age and the lower the prevailing interest rate, the more you can typically borrow. Currently the program will let you borrow against a maximum of $765,600 in home value.

Borrowers can get a lump sum, a line of credit or a series of regular payments. Reverse mortgages can also be used to pay off an existing mortgage or to buy a home.

You don't have to make payments on a reverse mortgage, even if you end up owing more than the house is worth. You can, however, wind up in foreclosure if you fall behind on property taxes, homeowners insurance or homeowners association fees.

REVERSE MORTGAGES AREN'T CHEAP

Most of the costs are taken from your loan proceeds, so you don't pay them out of pocket, but it's still an expensive way to borrow. HECM loans require a 2% upfront mortgage insurance payment, plus an additional 0.5% annual charge, on top of origination costs and lenders' fees. Any amount you borrow, including these fees and insurance, accrues interest, which means your debt grows over time.

Many borrowers don't realize this, or that the debt can grow to the point where they may not have anything left to borrow against in an emergency or to leave to their kids, says Barbara Jones, a senior attorney for AARP Foundation.

"They don't quite understand what compounding interest means," Jones says. "So they don't have the equity in their home that they thought they did."

LOOK ELSEWHERE FOR SHORT-TERM NEEDS

If you have a short-term need for cash, consider other options first, Jones recommends. Many low-income seniors don't realize they qualify for the earned income tax credit, a refundable tax break that can put cash in your pocket. You also could use BenefitsCheckUp, a site run by the National Council on Aging, to see what other help you may qualify for. People of any age can ask for forbearance, or the ability to skip payments, from their mortgage company and other lenders.

Another possibility is a regular home equity loan or line of credit. This type of borrowing requires you to make payments, and lenders can freeze or lower limits on lines of credit, but the borrowing costs are much lower.

REVERSE MORTGAGES CAN BE USED AS A RELIEF VALVE

Although financial planners long considered reverse mortgages to be a last resort for struggling seniors, researchers in recent years found a potential use for more affluent people: as a relief valve to take the pressure off investments in bad markets. Tapping a reverse line of credit for income instead of selling beaten-down stocks gives investment portfolios a chance to recover along with the market. That can allow people to spend more with less risk of depleting their portfolios, says Wade Pfau, professor of retirement income at The American College of Financial Services.

A reverse mortgage also can provide monthly guaranteed income that isn't dependent on stock market swings or a healthy labor market, says Steve Resch, vice president of retirement strategies at Finance of America Reverse, a reverse mortgage lender. So can an income annuity, which is an insurance product that gives you a stream of payments, typically for the rest of your life, in exchange for a lump sum.

Before you proceed with either a reverse mortgage or an annuity, you'd be smart to consult a certified financial planner or other fiduciary advisor. Most people promoting these products get paid to sell them, and you'll want to check in with an objective advisor committed to putting your interests first. (AP)