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## GM buyouts target those near retirement

Workers earning higher pay focus of latest offers

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A \$45,000 buyout wasn't enough to persuade General Motors Corp. worker Dan Medrano to retire last year.

So, a \$25,000 offer now isn't enough to do the trick, either. And if his General Motors Corp. co-workers think along the same lines, the Detroit automaker's latest round of buyout and early retirement packages won't find a lot of takers.

GM is trying to thin its hourly ranks as it tries to restructure amid falling sales and requirements of federal loans. Officials confirmed Tuesday the company is offering buyouts to all hourly workers while targeting the older, higher-paid segment.

Medrano, a 30-year GM veteran who works at the Lansing Grand River plant, plans to skip GM's offer, which news of surfaced Monday.

"This offer didn't really sound as enticing as last year," Medrano said. "It wasn't a hard choice. I'm staying."

Last year, GM offered early retirement packages that included as much as \$62,500 for skilled trade workers.

Younger employees were offered as much as \$140,000 to walk away from the company, save their vested pension payments.

GM is trying to rid itself of many established hourly workers who make an average of \$30 an hour. New workers could be brought in to work for half as much under GM's two-tiered wage system negotiated with the United Auto Workers union.

"This is specifically designed to restructure the business to reach long-term viability," GM spokesman Tony Sapienza said.

Of GM's 62,000 hourly workers, Sapienza said 22,000 are eligible to retire.

"That's our main focus," Sapienza said. "We'd like anyone who is interested to consider the option."

There won't be many takers, predicted Scott Watkins, a senior consultant at Anderson Economic Group in East Lansing.

Not only is the offer this year small in comparison to what was offered before, but the economy is worse, too. Workers who leave the company now face a tight job market, with mid-Michigan unemployment at 8.6 percent in December.

In addition, a volatile stock market the past few months has taken a toll on 401(k) retirement investments, leaving many with smaller retirement nest eggs than they had a year ago. Few details offered

"The people I think would be interested in this are those near retirement or those with entrepreneurial ambitions," Watkins said. "People who are looking to relocate somewhere else because a spouse has a better job offer might take it, too."

GM would not discuss details of the packages. Sapienza said employees will get those Friday, though he did say the offers will be less generous than in the past.

However, Brian Fredline, president of UAW Local 602, which represents hourly workers at the Lansing Delta Township assembly plant, said GM is offering \$20,000 cash payments and \$25,000 new vehicle vouchers. Union leaders were told of the offers in e-mails sent Monday.

In addition, workers who are 50 or older and have at least 10 years of service will be able to retire early and receive their pensions and other retirement benefits.

Workers who are younger or haven't been at the company as long also can take the cash-and-car voucher offers. But they will sever ties with the company, retaining any vested pensions but losing all other GM benefits. April 1 completion

Fredline also said workers who already earn the lower-tiered wage will not be eligible for the offers.

Sapienza said employees will have until March 24 to make their decisions. The buyouts will be complete by April 1.

While less generous than in the past, Fredline said some workers may opt to take GM up on its offers.

"Those that were prepared to retire anyway will retire with a little kiss on a cheek," he said.

But Fredline won't be one of the ones going.

"I've given it some thought and it took me about three seconds of thinking to decide that I'm staying," he said.

## Additional Facts

- February 2008: GM offers hourly production workers early retirement bonuses of \$45,000 to \$62,500, providing they are eligible for retirement. Those near retirement age can retire early and draw monthly stipends until they hit retirement age when p
  - March 2006: GM offers eligible hourly GM and Delphi Corp. workers \$35,000 to retire. Workers with 27-29 years of service can leave but receive 60 percent of monthly pay until they reach 30 years, when retiree pension and health care benefits would start. Other workers can take buyouts of \$70,000 to \$140,000, depending on length of service, severing all ties to GM.
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