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Time for salaried GM retirees to make buyout decisions

BY MELISSA BURDEN (excerpt)

For 42,000 salaried General Motors Co. retirees, Friday is D-Day, the deadline for responses to a lump-sum pension buyout offer.

The financial stakes are huge for retirees who left the automaker between Oct. 1, 1997, and Dec. 1, 2011, and in June were offered a chance to take a lump sum buyout and invest it on their own or keep receiving monthly pension payments for life.

GM is off-loading its U.S. salaried retirees' pensions to Prudential Insurance Co. of America, a move that is expected to trim GM's pension liability by \$26 billion. GM will spend between \$3.5 billion and \$4.5 billion cash in the pension deal.

In total, 118,000 U.S. salaried GM workers will be affected, including the 42,000 offered buyouts.

Pension buyout responses must be postmarked by Friday and those who don't return a form will continue to receive monthly pension checks, GM spokesman Dave Roman said. The pensions will move to an annuity Prudential will manage starting in January.

Payments will begin on Aug. 24 for those electing a lump sum, Roman said.

Roman said Thursday that GM wasn't releasing the lump sum acceptance rate so far.

GM held more than 75 meetings for retirees across the country to review options and answer questions. Financial planners also have been slammed, working with retirees who have questions.

David Kudla, CEO of Mainstay Capital Management in Grand Blanc, said Thursday he continued to meet with and take calls from clients, some whom were still wrestling with and were anxious over their decisions.

"It is the most important retirement income decision they'll make probably for the rest of their lives," Kudla said.

Kudla said his clientele is split about 50-50 taking the lump sum. Offers he's seen range from a low of \$100,000 to as high as \$1.6 million for younger retired executives, though most are in the \$300,000 to \$800,000 range. ...

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