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A UAW-GM deal could bring big bonus, raise. Here's what to do with the money

By Susan Tompor (excerpt)
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After the long, contentious five-week walkout at General Motors, UAW members will no doubt have to pay off the bills that have been building since the strike began Sept. 16.

The United Auto Workers touted "major gains for UAW workers" on Wednesday when the UAW GM National Negotiators and UAW GM Vice President Terry Dittes announced news of a proposed tentative agreement. The announcement did not include details. ...

... What's expected: A pay raise and a signing bonus of more than \$8,000. Some have thought the pay raises could be 3% in each of two years; and a lump-sum payout in each of another two years of what's expected to be a four-year deal. No confirmation yet. ...

... What we do know — even if there is good news and some real cash here — now is not the time to go out and be tempted to splurge with all the money offered in the tentative agreement.

Dare we suggest two other words: Save it. ...

... **What should you do with a big bonus?**

"GM employees should take an inventory of their financial lives," said David Kudla, CEO and chief investment strategist with Mainstay Capital Management, a Grand Blanc investment adviser.

Think about how that bonus money can put you on a stronger financial footing. Do what's right — and what's right for you.

And remember, scammers do strike after big windfalls, so watch out for any hype or sure-bet investment products, too.

First, address the basics. Do you have an emergency fund set aside?

A general rule of thumb is to make sure that you have three to six months of living expenses covered in emergency savings. "This minimum requirement is important," Kudla said.

After that, he suggests that bonus money can be used to pay off high-cost credit card debt and other debt that's built up over the years. "Pay these off next," he said. ...

... "Finally, if there is money left over, look to invest the remaining proceeds — either in stocks, bonds,..." Kudla said. ...

... **How should you treat that raise?**

"Consider increasing your 401(k) contributions by 1% or 2% to try to max out your limits for 2019," Kudla said. ...

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