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Considering GM's buyout offer? 3 things to know

Cover Story

By Susan Tompor (excerpt)

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General Motors salaried workers heard the news of voluntary buyouts in an email on Halloween morning. And many didn't wait long to track down what they needed to do.

GM is rolling out packages to nearly 18,000 white collar workers who have been on the job at the automaker for 12 years or more. The workers have until noon Nov. 19 to make a decision. ...

... While it's a chance to quit your job and move on, it's not as simple as just signing a few papers and packing up a few boxes.

On the one hand, buyouts can offer a way to have some options. We're operating in a time of low unemployment where it may be possible to find another job or kick off a new career.

On the other, such cost-cutting moves put stress on many long-term employees who have shown a great deal of dedication to their companies. Many don't know what to do next but they're looking at possibly making a life-changing decision soon.

No one is forced to take a voluntary buyout; they can pass on the offer.

David Kudla, the CEO of Mainstay Capital Management, said his firm has been hearing from GM clients for the past two days now. Many are setting up meetings to review what's being offered and how it might hit their pocketbooks.

Everyone's financial situation is different

Some are worried about the possibility of layoffs ahead — if enough voluntary buyouts are not reached.

Yet Kudla suggests that people take a hard look at their own personal situation and not operate on the fear of what might or might not be ahead.

"There's an emotional decision and a financial decision," Kudla said.

He heard from one client who is 59 and felt this would be a perfect move for him, given that he thought about retiring next spring anyway.

But Kudla said the move wasn't right for that potential retiree who had not yet accrued his maximum pension benefit. By waiting just a few more months, the GM worker would be able to get a pension check that was 50 percent more than if he left earlier, under the Voluntary Severance Program.

"It's six months of pay, but it's only six months of pay." Kudla cautioned.

It's important to review how one's pension, health-care and other benefits might be impacted before agreeing to a buyout, he said.

"You need to look at what else is being affected before you do it," he said.