

The Detroit News

A chance comes knocking

Manny Lopez
February 21, 2008

Tough decisions are being made in the auto industry these days, and not just by the executives in the corner offices.

Tens of thousands of autoworkers are weighing their \$28-an-hour and full-benefit jobs against various severance packages worth up to \$140,000; full-ride college tuition grants with half salary for four years; or generous health care benefit bridges and cash to start new businesses.

'That's not enough'

Not bad at first glance, especially considering that many of the manufacturing jobs the companies are trying to generously eliminate are unfortunately drying up in Michigan anyway.

But the knee-jerk reaction being heard here in phone calls and e-mails from workers is a surprising tone of disgust with the companies for not being generous enough.

"I thought it would be more."

"That's not enough; \$70,000 is insulting." And so on.

Given that these workers were sold a bill of goods from their unions, and to a lesser extent, the companies, that they'd always have high-paying jobs and great benefits, it's easy to see how walking away is as foreign as owning a Toyota.

General Motors Corp. and Ford Motor Co. have increased their payment offers. They need to usher

out highly paid hourly workers so that they can hire new ones at about half the pay. Their turnaround plans are largely structured on these savings, contract provisions agreed to by the United Auto Workers.

Workers can now take lump sum payments and roll it into retirement savings accounts, tax free. Ford is offering entrepreneur packages for some of its eligible workers. They'd get up to \$50,000 to leave and guaranteed health care benefits for five years.

Others offered much less

For those outside the auto industry, the angst about the buyout issue is hard to swallow. Most other workers get nary a pat on the back. A kick in the pants is more likely. Those non-auto types who are offered incentives to go typically get two weeks of pay for every year of service, with a maximum payout of one-year salary, and health benefits extended for a year or less, if they're lucky.

"These are the richest, highest payouts we've seen yet," says David Kudla, chief executive of Mainstay Capital Management LLC in Grand Blanc, whose firm has counseled hundreds of autoworkers on their options.

That doesn't mean everyone should rush into retirement, he says, and clearly it won't work for everyone.