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White-collar Chrysler retiree group looks to protect benefits

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AUBURN HILLS -- A standing-room-only crowd of 150 Chrysler LLC white-collar retirees packed a meeting Wednesday to discuss how they can protect their remaining benefits in the wake of life insurance cuts last month by the automaker and a day after rival General Motors Corp. slashed health insurance for its former workers.

Nearly three times as many retirees attended the first meeting of the National Chrysler Retirement Organization at the Hilton Suites Auburn Hills as organizers expected. The group was formed last month after Chrysler eliminated life insurance as part of a larger company-wide cost-cutting plan.

The retirees fumed about the loss of life insurance and about Chrysler's decision in 2007 to eliminate company-provided health care for those 65 and older.

They also expressed concerns about Chrysler's uncertain future, fearful that another sale or bankruptcy could jeopardize their pensions and other benefits.

The group hopes organizing and speaking with a unified voice to Chrysler executives will help ward off any future benefit cuts.

"Chrysler workers were promised these benefits and counted on them when they retired, especially if they took an early retirement," said Chuck Austin, 66, president pro tem of the organization. "For them now to change their minds anytime they'd like -- it's not right."

To facilitate a meeting with management, the organization sent letters this month to Chrysler Chairman and CEO Bob Nardelli and Nancy Rae, executive vice president for human resources and communications. Austin said he's yet to receive a response. The automaker is currently on its corporate-wide two-week summer shutdown.

Austin said the organization is also pursuing legal options to see if benefits can be reinstated.

Chrysler spokesman David Elshoff said the cuts to retiree benefit plans were part of Chrysler's effort to remain viable in an intensely competitive global marketplace.

Chrysler is reorganizing its operations, including closing a minivan plant and cutting shifts at others, as the automaker tries to align production with slipping demand for its vehicles.

"While these decisions were not easy ones, the changes were made in the best long-term interests of the company," he said. "We've tried to take an

equitable approach to these changes. Frankly, all employees and retirees are making sacrifices for the continued viability of the company."

Retirees would face a difficult battle to reinstate benefits, said David Kudla, CEO and Chief Investment Strategist of Mainstay Capital Management LLC, in Grand Blanc. Only 21 percent of large employers provided health care to Medicare-eligible retirees in 2007, down from 40 percent in 1993, according to Mercer LLC's National Survey of Employer-Sponsored Health Plans.

"The important thing for retirees to understand is that this is a trend nationwide, not something that's limited to the auto industry," he said. "They need to make adjustments to their retirement (spending) plan and what they can control, like their 401(k)s."

At the meeting, officials also sought help from members able to provide legal advice, Web site development and public relations. The Retirement Organization intends to hold quarterly meetings, create a newsletter, and broaden its e-mailed communications. Ford Motor Co. and GM white-collar retirees already have established organizations.

Joe Phillips, 70, voiced his concerns at the meeting, saying he'd like to see Chrysler executives share more of the pain with retirees. The former Chrysler finance employee from Rochester applauded GM's move Tuesday to freeze salaried raises and executive bonuses. That move was part of \$10 billion in cost cutting, which also included retiree health benefit reductions.

"We need to organize because we're the easiest target for cuts," he said.

Phillips said that the group should boycott purchases of Chrysler vehicles if it doesn't get results from executive meetings. The small parking lot at the Hilton was nearly filled during the meeting, mostly with Chrysler minivans and Chrysler 300 sedans.

Others, including Nancy Furman, 58, are worried that Chrysler's uncertain future could mean cuts to other benefits, including their pensions.

"We need to make sure that the pension fund is 100 percent secured," the Commerce Township resident and former Chrysler human resources staffer said. "If we are losing our benefits, seeing our 401(k)s drop and living longer, we need to make sure every penny counts."