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## Hard path for Delphi workers

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By Susan Tompor

Debi Hazel illustrates the anxiety being felt by veteran Delphi workers facing possible pay cuts of \$10 an hour or so as they wait for details of a contract negotiated among their bankrupt employer; its former parent, General Motors Corp., and the UAW.

Hazel, 48, a tinsmith who started at GM about 28 years ago and now makes more than \$27 an hour, didn't know at the start of the day Saturday if her wages would be cut or if she might be eligible for a buy-down of up to \$105,000 to take the lower wage.

She started to hear Saturday that, as a skilled trades worker at Delphi's Flint East plant, she might be among a small group of veteran workers who won't be affected by wage reductions. But she remained concerned by word that she might have to pay more for health insurance.

As for other workers facing pay cuts, she said she doesn't know how they could cope.

"I see a lot of foreclosures," she said.

Many of the contract terms will be a real-life blow to families in Michigan and elsewhere who find themselves in front-row seats for a historic moment in the auto industry shakeout.

Personal belt-tightening must match the Delphi downsizing.

"The bottom line is it is going to change the way you live day to day. Think of yourself taking a \$10-an-hour pay cut," said Karen Norman, a certified financial planner and founder of Norman Financial in Troy.

According to early reports, some senior Delphi workers could qualify for three annual payments of \$35,000 -- but they'd also see their hourly wage cut from about \$28 to so-called supplemental rates of \$14.50 to \$18.50 starting Oct. 1. During that time, they also could try to return to GM.

The \$105,000 payout -- which could cover some money lost in the wage cut -- would apply to employees who originally worked for GM, which spun off Delphi in 1999.

But it would be quite a drop to \$30,000 or \$35,000 a year for someone with base pay near \$60,000.

Bigger lifestyles, bigger houses, bigger cars and trucks all were bought based on bigger paychecks.

While a buy-down could cover some bills, the money wouldn't stretch far after taxes.

Union workers fret about what kind of benefits may be taken away, too. Flint workers will learn more about the deal -- which requires rank-and-file ratification -- at meetings Monday.

U.S. Bankruptcy Court in New York, where Delphi's Chapter 11 proceedings are taking place, also must approve the agreement.

If approved, the deal would avert a strike that could cripple Delphi and GM, its largest customer. It also would allow Delphi to drastically cut costs, ultimately shut or sell most of its U.S. plants, work its way out of bankruptcy and take on foreign competition.

On the one hand, Delphi workers have been walking on shaky ground for the past 20 months. Delphi filed for Chapter 11 on Oct. 8, 2005.

"It's just gone on and on," said David Kudla, chief executive for Mainstay Capital Management in Grand Blanc.

Kudla, whose clients include Delphi workers, said many who worked at Delphi often felt uneasy about making financial moves lately because they were so uncertain about the future.

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It's tough to stop spending. And the buy-down money could even fool some people into believing they don't need to stop.

Yet a lump-sum bonus could stretch out for only so long.

People who don't cut back on their spending will likely be in real trouble after that, and some may risk foreclosures on their homes.

"They're going to be paying for mortgages that are higher than they could afford," said Ted Feight, a certified financial planner for Creative Financial Design in Lansing.

Financial planners say families must revamp their spending and lifestyles. They need to work out a line-by-line list to examine all spending -- and come up with budgets based on new wages.

What are they spending on car insurance? The boat? Weekend trips Up North? Soccer camp for the kids? Toys for the kids, the kid in us, even the dog?

"I'm amazed, when you really pay attention to how much, you do spend in life sometimes," Feight said.

It is possible to think that you're going to get a second job or move to another job. But wishing doesn't always make it so.

Hazel, faced with uncertainty as the Delphi bankruptcy and labor talks have continued, has tried to get back to GM in the Flint area with no luck. She said she might expand that search to GM operations across the United States.

"I like the fact that I have a lot of options," she said.