

## Workers ponder buyouts on GM D-Day

### Several thousand awaiting automaker's plans

### Buyout Advice

By Melissa Burden

The Flint Journal talked to David Kudla, chief executive officer and investment strategist for Mainstay Capital Management in Grand Blanc, about the latest special attrition program being offered to nearly all of General Motors' hourly workers. Retirement-ready workers and workers who voluntarily quit are being offered \$20,000 in cash, plus a \$25,000 vehicle voucher. Other workers who meet certain standards can retire early from the company but receive no payment or vehicle voucher. Kudla's company has more than 1,000 active and retired GM clients and has helped hundreds of GM employees analyze buyout offers. GM workers have until March 24 to make a decision.

- **How this package is different from previous ones:** This package includes a smaller lump sum payment, but there is a car voucher that can be used for 18 months. You also can transfer the voucher to one person.
- **How this plan will be taxed:** GM's last attrition plan allowed you to take the lump sum and roll it over into an IRA or 401(k) to defer immediate taxes and enjoy tax-deferred growth. This

package is different and the buyout would be taxed as ordinary income, subject to all applicable taxes including federal, state, local and FICA.

- **How you need to consider this plan:** You need to have a comprehensive income and investment plan in place that can realistically account for retirement risks such as Social Security and pension changes. Then you can see how this package would change your plan and if it would garner you sufficient retirement income.
- **Are you ready to go?** You need not only to make sure you are financially able to go, but that you are emotionally ready to retire or change careers.
- **Other considerations:** You need to weigh taking the buyout vs. giving up a regular paycheck, future pay increases, larger pension benefits and possible contributions to the employee savings plan.



David Kudla discusses retirement planning with a client of Mainstay Capital Management. His client is considering early retirement and buyout options offered by General Motors.