

Bloomberg

GM to Shed About 4,000 U.S. Salaried Jobs by Oct. 1

By Katie Merx and Jeff Green

June 23 (Bloomberg) -- General Motors Corp., shrinking operations as it reorganizes in bankruptcy, will offer buyouts and retirement incentives to eliminate about 4,000 U.S. salaried jobs by Oct. 1.

Employees began receiving notices today, and involuntary cuts will be needed if Detroit-based GM gets too few volunteers to leave, a spokesman, Tom Wilkinson, said in an interview.

The reductions will pare the salaried workforce by about 15 percent, deepening Chief Executive Officer Fritz Henderson's plans to slash a U.S. non-union payroll that had 29,650 jobs at the start of 2009. On April 27, GM projected cutting to 26,250 positions, and the new buyouts will trim the total to 23,500.

Henderson also plans to trim the executive ranks at the biggest U.S. automaker by about 35 percent this year, to about 850.

Employees who volunteer to retire will receive enhanced benefits, Wilkinson said. Those not eligible to retire will receive as much as six months of pay and benefits, or as much as a year for executives, he said.

GM's government-backed rescue may complicate the decision on whether to take a retirement or buyout, said David Kudla, CEO of Mainstay Capital Management in Grand Blanc, Michigan, who advises about 2,000 GM, Ford Motor Co. and other automotive employees on retirement options.

"Everyone has an emotional decision to make," said Kudla, who presents educational seminars for GM employees on retirement offers. "Are they ready to go? Can they afford it?"

GM's restructuring plan calls for trimming union and salaried jobs, shutting plants, dropping brands, shedding dealers and chopping debt to return to profit amid the worst U.S. auto market since the 1980s.

GM has offered retirement incentives and buyouts valued at as much as \$115,000 plus a \$25,000 vehicle voucher to its United Auto Workers employees to cut its hourly workforce to about 40,000 by 2010 from about 61,000 last year. Hourly workers have until July 24 to accept.