

Genesee County GM retirees fear what's next after company's cutback announcement

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By John W. Adkisson

FLINT, Michigan -- General Motors' recent round of cuts has retirees such as Robert Scott saying, "What's next?"

When the Grand Blanc Township resident, 51, retired from 30 years of work for the automaker, two promises seemed certain: a pension and health insurance.

But he sees neither one as a guarantee after GM's surprise announcement Tuesday to cut group health benefits for salaried retirees 65 or older.

"For myself and thousands and thousands who retired recently with incentives from General Motors, we're concerned about our future," he said. "After this, nothing would surprise me anymore."

The blow to salaried retirees has many scrambling to learn more about where to go from here to cover health insurance gaps and others anxious about what benefits might be next in line.

Instead of receiving GM's group plan that once covered gaps with Medicare coverage, salaried retirees will receive \$300-a-month as a taxable contribution to their pensions.

GM also announced it will defer \$1.7 billion in payments to its union retiree health care fund, or the Voluntary Employee Beneficiary Association trust, until 2010.

Scott, an hourly wage retiree, said he has a family of GM workers who have always been loyal to the company. It's difficult to now watch his father, a salaried retiree who has suffered from prostate cancer, lose GM's health insurance "right when he needs it the most."

"We feel like now they're not being loyal to us," he said. "Loyalty with the company goes as far as the bottom line."

Even though Scott won't be affected by this round of cuts, he's worried already bracing for a reduced or eliminated pension and health benefits down the road.

"The thought was always if General Motors fails, that would be the worst thing that could happen. It was an unthinkable thing and all of a sudden, here we are," he said.

GM is vowing to help affected retirees make a smooth transition to an affordable health plan by offering guidance from insurance experts.

David Kudla, chief executive officer and investment strategist for Mainstay Capital Management in Grand Blanc, said he has already heard from retirees with questions.

He said retirees who will no longer get the company's group plan must consider several options including Medigap, private insurance or possibly paying leftover health costs out of pocket.

Inflation, which makes insurance rates "go up dramatically everyday," will also be a factor to consider, he said.

His biggest advice to both salaried and hourly wage workers -- invest wisely in retirement funds and other savings.

"They have 100 percent control over that plan," he said, noting the opposite is true for pensions, social security and other benefits. "The better your plan, the more you save, the more ability you have to overcome any unforeseen event."

GM salaried retiree Ron Carlson, 78, of Grand Blanc Township, said he is still learning about what the new plan means for him.

"I understand the corporation is in dire straits at the present time and they have to do what they have to do, but it sure hurts when something was offered over the years and now it's going to be reduced probably significantly," he said.

Carlson, who retired after 40 years at the company in 1989, said just last week, his wife Dee needed a pacemaker that out-of-pocket would have cost more than \$10,000.

"We've used (health benefits) significantly and been thankful for it," he said. "I'm a little disconcerted.

"I've always felt that GM was a good place to work for," he added. "It sounds like big changes are coming and we're going to have roll with it one way or another. Right now, it's a wait and see thing. It's a little confusing."

Meanwhile, other retirees are less concerned.

Pete Zehnder, 53, of Flint, said since he's an hourly wage retiree, nothing announced Tuesday affects him so far.

And he's not thinking about what's to come.

"It's out of my hands so I'm not going to worry about it. Why worry about something I can't control?" he said. "I just hope and pray that everyone who is handling all of this does the right thing."