



Severance Package Risks (4/1/08)

Many employees of General Motors, Ford, and other companies will consider a buyout offer from their employer this year as these corporations look to reduce their workforce to rein in costs. In fact, over 100,000 autoworkers will be offered separation packages in the first half of 2008 alone.

I have always stressed the importance for any employee considering a buyout to have a thorough understanding of expected expenses in retirement as well as available income sources. This is best accomplished through a comprehensive Retirement Income Plan as we offer for our clients at my wealth management firm, Mainstay Capital Management. Here, we not only develop a multi-decade plan, but also evaluate “what-if” scenarios so that the client can make an informed decision about a buyout offer based on various scenarios. A potential reduction in pension payouts, the insolvency issues with Social Security, and the returns that can be accomplished on personal savings accounts are all very important considerations for a robust retirement plan.

Misunderstandings about inflation, withdrawal rates from savings accounts, and healthcare costs, among other retirement risks, can seriously compromise someone’s otherwise financially secure and enjoyable golden years. Even small mistakes can add up to have a significant impact on your retirement. In a recent Q&A article, *The Wall Street Journal* sought out Mainstay’s insight on how a retiree’s misconception about a lump sum payment associated with an early retirement package from General Motors caused his Social Security payments to be substantially reduced.

We have assembled an outstanding team at Mainstay Capital Management to help our clients with questions and solutions for every aspect of their financial lives. If *The Wall Street Journal* and other financial publications rely on Mainstay for answers to these questions, then certainly you can too.