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GM workers hesitate to bite at buyout bait

So far, recession poses bigger threat than plant closing

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At 52, Scott McMillin could retire from General Motors' White River metalstamping plant any time he wants to go. He has 32 years of service under his belt, and if he exits by April 1, GM will give him $20,000 cash and a $25,000 voucher for a new vehicle.

"I'd rather be retired and wash my hands of all this," said McMillin, a crane signalman who has moved twice in his career because of GM downsizing.

But McMillin isn't going. At least not until his daughter finishes college in two years. "I would have to take another job," he said. "There just aren't any right now."

That's not exactly the response GM wanted when it decided early this year to offer a buyout targeting 22,000 retirementeligible employees.

Earning wages close to $30 an hour, those workers create quite a payroll drag for a company operating on a $13.4 billion federal loan.

GM workers must decide by March 24 whether to take the buyout. The offer is open to any hourly employee, but those who don't qualify for retirement must essentially quit GM.

The decision might be easy for those who already were planning to leave, but Bill Matthews, bargaining chairman for United Auto Workers Local 23, said most aren't ready to deal with life after the factory.

"This comes up really quick," he said of the March 24 deadline.

While GM workers can consult with a local Fidelity Investments adviser, the guidance is not comprehensive, Matthews said. In the past, he said, the company and UAW offered pre-retirement counseling, a 10- or 12-week program.

The plant just west of downtown has 680 hourly workers; 250, or 37 percent, could qualify for retirement by the end of the year, Matthews said.

People who would become eligible for retirement later in the year still can get the cash, as long as they sign up by March 24.

"People are afraid," Matthews said. "They probably would consider it if the economy was better."

The White River plant, which produces sheet metal for assembly lines, is one of four GM locations employing 4,500 hourly workers in Indiana. A foundry in Bedford employs 425, a metal-stamping plant in Marion employs 970, and a truck assembly plant in Fort Wayne has about 2,500.

GM says 33 percent of its hourly work force in Indiana could retire.

The company could force the issue by closing more plants, which could be part of the viability plan due to the government Feb. 17. GM already hints at what's to come.

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Spokesman Tony Sapienza said, "It's likely there would be more detail that would encourage folks to seriously consider their options."

The outlook for the White River plant grew dim even before vehicle sales fell last summer. In October 2007, GM and UAW agreed that the plant could be closed or sold "no sooner than December 2011."

McMillin said that agreement lingers in the back of his mind. "It's in black and white," he said. "I have to remember that's the final word." Some of his peers are more optimistic. "It's a topic of discussion—and heated discussion—at break times and lunch," he said. At this point, Matthews said, union members are comparing this buyout to the more lucrative offers in 2006 and 2008. He said they're weighing how much cash they could put in the bank—about $14,000 after taxes—against the difference between regular pay and pension checks. "It's a pretty dramatic drop."

The $25,000 vehicle voucher—also subject to taxes—isn't much of a selling point, either. "That's the least-favorable part of the whole thing," McMillin said.

Mike Curtiss, a Brownsburg financial adviser, has worked with many of GM's salaried retirees. Looking at the options before GM's blue-collar work force, he said, "I would not want to be faced with these issues."

Curtiss, president of Envisioning Financial, said that given the cost of health insurance, he wouldn't blame GM workers for passing up the buyout.

"If you don't have the ability to cover that healthy insurance issue through a spouse, or through another avenue, you might just want to dance with the devil you know," he said. •