

RETIREE VOLUNTEERS NEEDED TO DE-RISK UAW-GM PENSION PLAN

The problem with UAW contracts is that the “parties” as the UAW and the companies like to call themselves frequently get together and change the contract after it is ratified by the members. Thus, I am more concerned about things the UAW doesn’t say about a tentative agreement than what they do say. If you read the “white book” you will see language that is crossed out. This indicates old contractual language that has been deleted. When new language is added it is underlined.

As I cited before: in June GM reported that it’s pension was \$10.8 billion underfunded. GM VP Stephen Girsky who is also a UAW-VEBA trustee (that’s right, he negotiates with himself which is why he doesn’t experience any conflict of interest) told investors, “We want to take the pension risk off the table.”

[<http://www.reuters.com/article/2011/09/07/gm-pension-idUSN1E7861CP20110907>]

In the 2011 UAW-GM pension supplement under the title Pension De-Risk it states:

“The parties further discussed the possibility of amending the Plan to provide additional options for certain current retirees that would help GM manage its pension risk and benefit such retirees that voluntarily agree to participate. To this end, the parties agreed that the National Parties may mutually agree during the term of this Agreement to amend the Plan to add retirement options for some or all existing retirees that help GM reduce the volatility and risk related to the Plan and benefit existing retirees by providing an additional voluntary option.” — Pension De-Risk Consideration : 2011 UAW-GM Supplemental Agreement Exhibit A (Pension Plan) page 161.

What is troubling is that the “parties” have given themselves legal cover “to amend the Plan” during “the term of this Agreement.” Perhaps, dear reader, you are comforted by the word “voluntary.” It denotes a certain safety for those who don’t wish to walk the plank. In my experience parties that seek volunteers are inclined to influence choice with persuasive tactics that resemble a sword in the back. But the point is: if members ratify this contract, the “parties” have legal justification to amend the pension plan.

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