

Drive to safeguard 8,000 pensions

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The shaky financial position of General Motors of Canada Ltd. and the underfunded status of its pension plan have prompted a group of retirees to organize in an attempt to protect their retirement benefits.

Brian Rutherford, president of the Genmo Salaried Pension Organization, said yesterday the group has already attracted more than 1,200 members and that, hopefully, will give it influence in the company's current restructuring talks with the federal and Ontario governments.

The group incorporated itself earlier this year, organized meetings, set up a website, began signing up members for \$50 each during the past two weeks and plans to formally approach GM officials next week.

"We want to participate and have a seat at the table just like all the other stakeholders," said Rutherford, a retired GM logistics manager. "We need to know what will be the conditions of the (government) loans and how that can affect us and what we can do about it."

A senior GM spokesperson suggested the company would be open to hearing from salaried retirees. The company has more than 8,000 salaried retirees and surviving spouses in Canada.

GM has asked Ottawa and the provincial government for more than \$6 billion in loans in exchange for a plan that would make the company viable.

That will mean sacrifices by employees, suppliers, lenders and other stakeholders.

GM's defined pension plan for salaried retirees had enough funds to cover about 75 per cent of obligations in 2007 if the company wound up its operations, according to its last actuarial statement.

But Rutherford said estimates show the lack of adequate funding and the impact of crumbling stock markets on investment returns for pension plans could cut funding GM's levels to 50 per cent in 2008 on a windup basis.

In the last year, GM's salaried retirees have faced higher monthly payments for their benefits and there are fears of more much bigger reductions, the group says.

The group traces the pension plan's troubles to an Ontario government move in 1992 that exempted big firms such as GM from obligations to keep pensions adequately funded so they could pay all benefits if there were failures.

That has now left GM's salaried retirees in a situation in which the government could provide only a top-up for the first \$1,000 in monthly pensions under the province's own benefit guarantee fund if the company failed.