

Bailout Letter to Gov Official

REPRESENTATIVE OR SENATOR ADDRESS (Should be Senator (Senator's name) or The Honorable (Representative's name) when addressing your letter) (letter to Senator Obama would be addressed to President Elect Obama)

RE: Non-Bargaining Unit (NBU) Automobile Retirees

Dear Senator (or Representative):

I am writing you to on behalf of all Chrysler, Ford and GM NBU retirees who are concerned that the well being of NBU retirees should also be taken into account when conditions are set for authorizing a "bail out" of the American automobile industry.

Based upon news reports it is evident that President Elect Obama and the Democratic Party as a whole are concerned about unionized workers benefits being secured should the government decide to provide funds to "bail out" this industry. To the Democratic Party's credit the concern that negotiated benefits be secured is admirable, however, what is regrettable is that there has been no apparent concern expressed for NBU retirees who sacrificed as much, if not more than, union retirees to keep the automotive companies they worked for competitive. NBU retirees have already been negatively impacted as a result of the decision by automotive management to reduce or total eliminate their health care and life insurance coverage. Keep in mind management could not and did not initiate similar actions against union represented retirees due to negotiated benefit agreements. Further let me emphasize the fact that the benefit programs reduced or eliminated were programs which employees contemplating retirement used as a basis for responsible retirement planning and, of course, depended upon in their retirement. The following is a summary of the attacks automobile companies have made against NBU retiree benefits in the name of cost containment.

- In 2006 Chrysler made major changes to its medical programs which dramatically impacted retirees. The changes made resulted in NBU retirees under age 65 paying increased premiums, co-payments and deductibles; and, even worse, NBU retirees aged 65 or older who retired on or after 2/1/88 completely lost their company-provided health care coverage. The reason given for such draconian action was that retiree health care costs represented an **ever increasing and unmanageable expense** for the company. Ford Motor Company followed suit and GM recently announced they would take similar actions. The consequence of these changes resulted in a dramatic shift of health care costs to retirees which adversely impacted their lives.
- 2008 Chrysler imposed further cuts in benefits by abruptly terminating life insurance coverage for all NBU retirees. On this occasion, however, the company could not use "**ever increasing and unmanageable expenses**" as a basis for their actions since life insurance benefits represented an accrued "fixed" liability. Further, unlike the health care situation where Medicare eliminated some of the cost burden, retirees who lost their life insurance coverage had no compensatory "government safety net" to rely on to help replace the life insurance coverage they

lost. Even more critical is the fact that retirees, by definition a high-risk group, found it difficult (if they were able to at all) to secure replacement life insurance coverage. And, if they were fortunate enough to secure coverage, they faced premiums expense that for many represented a difficult, if not impossible, financial burden. The justification the company used for eliminating life insurance coverage was “increased competition” even though no other automotive company terminated its retirees’ life insurance coverage. Unfortunately, Ford Motor Company followed suit by reducing the amount of NBU retiree life insurance coverage not totally eliminating it.

What is disconcerting to many NBU retirees is that the “savings” realized by reducing or eliminating NBU retiree benefits likely went toward the subsidizing of union benefit programs and possibly in some instances toward the payment of senior management bonuses. Such bonuses were purportedly based on the company’s “improved” bottom line, an improvement which in fact largely resulted from the cuts in retiree benefits and from the manipulation of accounting figures rather than from improved profit-enhancing operations.

Based upon the foregoing I trust you understand our frustration and concern about how NBU retirees will be treated in the future. Consequently, we ask that the stance to secure benefits for union retirees be extended to NBU retirees. We also ask that steps be taken to ensure NBU retirees are treated no differently than union represented retirees even if this means the automobile companies must reinstate certain NBU benefits previously terminated as a condition for receiving government funds. The lifetime commitment and loyalty demonstrated by the NBU retiree group, even in the face of the negative actions taken against them, should be acknowledged.

Permitting companies to attack NBU retiree benefits without restraint is neither productive nor justifiable. Therefore, it is requested that Congress establish the following conditions as a basis for any automotive company to receive “bail out funds”.

- Companies must direct profits toward improving operations. This would mean directing those finances to the design, manufacture, and sale of competitive, quality products and not to reward senior management.
- As the financial positions of these companies improve they should be compelled to reinstate or at least enhance the benefits of NBU retirees they previously stripped away.
- Ensure that NBU retiree benefits will be protected in the future and that no further reductions of benefits be permitted.
- Provide for NBU pension increases based upon the profitability of the company, similar to any increases awarded to union retirees.

Unlike their union counter parts NBU retirees have no sponsor to represent them in dealing with the automobile companies. They are at the mercy of senior management and are unable to protect the company-sponsored benefits they earned by virtue of their hard work and commitment. The financial support the government will be providing the automotive companies puts Congress in a unique position to mandate that NBU retirees receive the same benefit protection and coverage as their union counterparts. There is no justification in the world for one group of retirees to be treated more poorly than another. Such discrimination of treatment defies all rules of fairness and

equality. Consequently, on behalf of all NBU automotive retirees, it is requested Congress take action to secure their benefits.

NBU retirees, as well as other retirees and other seniors, constituted a major voting group that helped Democrats secure the position of power they now enjoy in Congress as well as in the White House. Consequently we ask that you and members of Congress recognize that NBU retirees, by virtue of their hard work and commitment, earned company-sponsored benefits; and they need your support to secure those benefits. We believe with the financial support the government will be providing the automotive companies puts Congress is in a position to mandate that NBU retirees receive the same or at least an equivalent level of benefit protection and coverage as their union counterparts. There is no justification in the world for one group of retirees to be treated more poorly than another. Such discrimination of treatment defies all rules of fairness and equality.

I ask that Congress exercises good judgment and fairness when establishing the provisions of any bail out plan and works to protect the benefits of all automotive NBU retirees.

Thank you in advance for your consideration and assistance in this matter. I look forward to hearing from you.

Sincerely,
Name Address

Phone Number
Email address

Suggestions and comments about this website should be addressed to webmaster@ncro.org