

GENERAL MOTORS OF CANADA SALARIED PENSION PLAN IN PERIL

Overview

- The GM Salaried Pension Plan has over 8000 salaried retirees and surviving spouses and approximately 4,500 active employees
 - Pension Plan currently has a huge solvency deficit.
- If GM went bankrupt, each member and eligible survivor might see their pension benefits eliminated and their pensions decreased by half.***
- Retirees and surviving spouses would have virtually no opportunity to offset income losses due to age, ability, health, etc. Some who are infirm may not be aware of the situation but will be negatively affected.
 - Shareholders and vendors assumed risks in the face of knowing the consequences of the corporation's downfall and should expect to suffer the consequences before retirees who had no choice. If retirees do not receive top priority protection in court they will lose forever whereas vendors and shareholders may ultimately benefit at the expense of retirees who absolutely can never recover.
 - The Ontario Pension Benefit Guarantee Fund only provides a top-up for the first \$1,000 per month of the pension (but only if the plan member worked in Ontario). If a member worked outside of Ontario there would be a lesser percentage guarantee.

Why is the GM Salaried Pension Plan so underfunded?

- In 1992 the Ontario government amended the Pension Benefits Act (PBA) to include a ***“Too Big to Fail”*** provision (Regulation 5.1).
 - Several very large businesses were eligible to benefit from this regulation which would *exempt* them from having to amortize pension plan solvency deficits (i.e. the amount the plan is underfunded as deemed by the plan's actuaries) by means of making additional payments to the plan over a five year period.
 - GM took advantage of this opportunity along with several other companies, such as Stelco and Algoma Steel
 - GM is the only company still in business
 - Other companies, including Ford and Chrysler, decided not to participate.
- ***Implicit in taking advantage of this legislation was the promise by GM to look after the interests of the pension plan members, retired members and surviving spouses***
- In place of funding the pension plan, ***as required by every other pension plan in Ontario and Canada***, GM has obviously chosen to divert this money to other interests.

What is the current level of pension plan underfunding?

- The last Actuarial Valuation Report dated November 30, 2007, showed that the GM Salaried Pension Plan was only funded at 74% using the wind-up or solvency calculations.
- 69% of the fund assets are in equities and 8% in real estate. Since 2007 the stock and real estate markets have severely deteriorated.

It is estimated that the GM salaried pension plan might only be 50% funded as of the end of 2008.

- Most investment advisors would have suggested a much more conservative allocation of pension plan funds due to the age of its members.

Current discussions on GM Canada Limited and its pension plans

- GM, the Provincial and Federal Governments, and the CAW are in ongoing discussions and negotiations to determine their course of action to keep the company in business on a profitable and sustainable basis.

- ***The salaried retirees and surviving spouses were not invited and are not currently being represented in these discussions.***
 - Salaried retirees and surviving spouses have never had any say or control over their pensions or the pension plan itself, unlike other workers whose pension plan and terms are subject to negotiation and contractual agreement between the CAW and GM.
 - The salaried retirees have had many revisions and eliminations in their pension plans and benefits, especially those who retired after 1995. On the other hand, the CAW's negotiated pension plan has seen only minimal changes to date.
 - Any future contemplated or agreed to changes to CAW negotiated pensions should not be viewed as precedent setting for the salaried pension plan due to previous reductions.

Who represents the salaried retirees?

GM officials have stated that they represent the salaried pension plan members and retired members. This creates a conflict of interest, especially right now. GM's state of financial instability and their investment strategies have severely compromised the long term security of its salaried retirees and surviving spouses.

As a result, **Genmo Salaried Pension Organization** was incorporated on January 26, 2009 on a not-for-profit basis. Its primary objective is to protect the pensions and benefits of GM Salaried Pension Plan members and surviving spouses.

Genmo is based in Oshawa with area representatives in St.Catharines, Windsor, London and Peterborough and in Quebec, New Brunswick, in the east, Vancouver, in the west. Membership continues to increase daily.

GENMO, has a Board of Directors who are volunteers.

Memberships have been taken by retirees right across Canada.

Genmo has retained the legal services of Mr. Murray Gold of Koskie Minsky LLP, a prominent law firm, for consultation and assistance on matters related to the pension plan.

Genmo has a web site www.genmo.ca which includes its by-laws, FAQ's, Board Members and their areas of responsibility.

Summary

The radical changes to our pension plan and benefits proposed by General Motors ***requires that Genmo be present during all discussions with government officials dealing with legacy costs and funding of the pension plan to ensure that salaried retirees and surviving spouses are treated fairly and equitably.***

What can you do for GENMO members?

- Insist that GENMO be recognized a key stakeholder group and demand that they be included in all discussions on pension plans with GM, the CAW and government.
(A sample letter is available on the Genmo web site at www.genmo.ca)
- Support measures which will make GM a sustainable and financially strong business. The key to the long term financial security of the salaried pension plans depends on this more than any other factor.
- Support a pension plan solvency deficit amortization program for GM which will return our plan to full solvency as early as possible.