

OVERVIEW & QUESTIONS

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One of the centerpieces of the 2007 contract negotiations between the UAW and GM - and later with Chrysler and Ford - was establishing a VEBA to provide for retiree healthcare costs.

Instead of GM continuing to provide retirement health benefits, as defined in prior negotiations, the VEBA would shift those responsibilities to a VEBA fund, financed through negotiated payments from GM and from benefits that the UAW had won in prior negotiations but agreed to forgo. If future medical costs were to increase beyond the funds provided to the VEBA in the 2007 negotiations, the risk would be borne by employees through the VEBA, not by GM.

In a second major change, the negotiations established a two-tier wage and benefit system. New employees hired after September 2007 would have a lower salary scale than employees already in place, and they would receive a defined contribution plan for pensions and retirement healthcare. Thus they would not be part of the VEBA pool.

GM's 86-page 8K, [here](#), filed October 15, 2007, describes the VEBA and the rest of the agreement:

- A description of the VEBA agreement, pp 6-10.
- Exhibit EX-10.1 Memorandum of Understanding Post-Retirement Medical Care, pp 13-41.
- Exhibit EX-10.2 News Release dated October 10, p 43.
- Exhibit EX-10.3 GM Presentation on VEBA, October 15, pp 46-86.

The UAW described the new trust to its members on its website, [here](#).

An 8-page document from Lazard Frères, the UAW's financial consultant in the negotiations with Big Three automakers, described the agreements and key events and assumptions, [here](#).

ProCon.org compares US and international auto manufacturers, [here](#). It provides links to the 2007 negotiation documents [here](#). It collects views on legacy employees [here](#).

NPR described the deal - and the reactions, [here](#).

The AARP Policy Institute summarized the impact of retiree healthcare VEBAs, [here](#).

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