



'ANGUS BARKS'

By Jeff Francis
AEG Executive Board

Three-Legged Stool or Chaise Lounge

GE says our Pension Plan is one leg of a 3-legged stool. Social Security and Savings & Security are the other legs. *Don't be fooled by the stool.* It's just a fancy excuse for tightwad GE being overly cheap with our pension benefits.

There's **54 billion** dollars in our Pension Plan. It is **11 billion** over-funded. For hourly workers, the formulas pay out 1.0%-1.3% of average earnings times years of service. Many employers with far less funds offer better formulas than GE. At contract negotiations starting in May, we need improved pension formulas that pay out **2%** of average earnings times years of service.

SITTING PRETTY

Hourly and management alike are in the GE Pension Plan. 179,000 current employees participate. GE's philosophy has always rewarded the highest earners with the highest benefits. Your 2007 proxy statement p.29 shows the top 5 executives each have service ranging from 24 to 31 years. Each have current pension benefits valued between \$9 million and \$60 million.

These are the guys in the chaise lounges. They do not share our worries about retiree medical costs or need for a cost-of-living clause. The rest of us will work longer careers, on average, and retire onto shaky 3-legged stools.

GE REGRESSIVE

Under our current regular career formula, the first \$35,000 we earn each year is applied to a lower multiplier. Our earnings above \$35,000 are applied to a higher multiplier. For real high earners, the difference is insignificant. But for most hourly employees, one-half or more of their earnings is being multiplied by the lower rate.

The Union believes earnings are earnings, and service is service, no matter who you are. In past contract negotiations, the Union demanded a **2%** multiplier be applied to **all** earnings.

Why does GE maintain pension formulas that discriminate against low earners? You cannot look into the heart and soul of GE, because corporations have neither. But if we look deep into GE's institutional guts, we will find a long standing, deeply felt hatred of Social Security. Social Security and GE have opposite philosophies on retirement benefits.

SOCIAL SECURITY PROGRESSIVE

Social Security also uses earnings and service to calculate retirement benefits. *Unlike GE*, there's a max on benefits for high earners. (In 2007, \$2116/mo for earnings averaging over \$97,500 in a 35-year career). Social Security recognizes that high earners have greater opportunity to maintain savings and invest wisely during their career. Proportionally, more benefits go to low earners because Social Security is a safety net designed to prevent the extreme poverty our senior citizens faced before Social Security started in 1935. Earnings are indexed each year to account for changes in the value of the dollar during your career. *GE has no such index, which forces the Union to negotiate pension updates each contract.* Retirees receive annual cost-of-living increases in January, to protect against inflation. *GE adamantly opposes COLA for pensioners.* Employer and employee equally share contributions to Social Security. *GE has not contributed a dime to our Pension Plan since 1987.*

GET OVER IT

GE justifies discriminating against hourly workers by pointing to the progressive structure of Social Security. It's time to get over it. GE can grant all the Union's pension demands and still maintain an over-funded Pension Plan. GE can still boast that our Pension Plan is better funded, better managed, and longer lasting than Social Security.

2% SOLUTION

During contract negotiations, the Union will attempt to heal GE's deep dark psychic scars. And get us all some better pension benefits.

