

Written Testimony of Mr. Milan (Nick) Dragojevic Jr., Delphi hourly retiree

"After the Financial Crisis: Ongoing Challenges Facing Delphi Retirees"

9:00 a.m., Tuesday, July 13, 2010, Canfield High School Auditorium, Canfield, OH

Good Morning Chairman Moore, ranking Member Biggert, and members of the committee, I am a GM/Delphi IUE-CWA retiree who retired after 34+ years of service. While employed at Delphi I held many positions associated with production and manufacturing. I was privileged to hold the position of Manufacturing Technician for roughly 10 years. In that position my job was to act as a liaison between Manufacturing, engineering, and skilled trades which maintained the equipment required to build many different products. It was a very fulfilling position for me and highly rewarding.

The issues facing the Gm/Delphi retirees have a direct impact on my family, friends and community thus I have traveled to Washington to attend the Senate's and the House H.E.L.P. committee hearings on these issues, I have walked the halls of Congress and spoke to any and all who would listen. I testified before the Ohio House and Senate, I have meet with political figures at the Local, state and at the Federal Level, I have contacted the President, his chief of staff, his deputy chief of staff, the Auto Task Force, Treasury, GM , Delphi, and the IUE-CWA leadership. I have left no stone unturned in my attempt to get answers and to try and correct some of the injustices put on the GM/Delphi retirees.

I am here today to explain what changes I and my family have had to make as a result of the Delphi and GM bankruptcy's and I would hope to voice and explain some of the concerns of the other GM/Delphi Retirees I have been in contact with. First and foremost the Committee must understand that not all GM/Delphi IUE-CWA Hourly Retirees where treated the same, and let me explain. There are basically 3 groups of retirees. Those whom retired before the spin-off who never worked for Delphi, retirees who worked their whole careers for GM and are referred to as Pre-Spin-off GM retirees. So when the Bankruptcy filings occurred their pensions where NOT turned over to the PBGC, but GM continued to pay their normal benefit, however their Healthcare changed to what I refer to as a catastrophic plan and since GM continued their pensions they had few if any other options but to purchase a full price plan. The second group are the Medicare eligible employees, prior to the Bankruptcy's they did not have to purchase a supplement to their healthcare plan. When the plan changed many had to seek a supplemental plan to the catastrophic plan that they were now enrolled in, that would suit their individual needs. Some made the right choices some did not. There were 2 problems I have heard of personally, the first was many retirees had never had to deal with searching for a healthcare plan. So this was all new and for some became overwhelming. We had tried to get Representatives from the health care plan to come to Warren to explain in detail what was agreed to in Bankruptcy court and how it would effect us as individuals. We were unable to accomplish this. And the second was some unknowingly made either the wrong decision or it was simply made to late and thus was untimely.

The third group of retirees are the ones that retired after the Spin-off in 1999 and of those many were induced into retiring early because of benefit guarantees made by GM (in the form of Doc.99) should Delphi, default on those obligations. Thus, when the PBGC reduced my earned pension from Delphi/GM by almost 50% GM stepped in and topped-up our pension (they agreed to supplement the amount paid to me by the PBGC). The only good to come from PBGC taking control of our pension plan was that we were now eligible for the HCTC subsidy, but no other group of IUE-CWA retirees qualified for this subsidy.

Now that I have had the opportunity to explain those difference, let me talk about the effects these bankruptcy's have had on my family and I. Personally I have heart issues, therefore I was unable to go to a lot of other insurers for coverage due to my pre-existing conditions. And since the premiums of my GM plan have risen about 700%, I had few options. With the new premium amount, along with the deductible and the out of pocket maximum, a new battery for my Implanted Cardiac Defibrillator would cost me \$8000.00 out of pocket. I'm sure those retirees in attendance can attest that on a fixed income that is quite a sum of money.

Fortunately for me I've been able to return to the workforce and found employment to help offset those costs. Due to the take-over of my pension by the PBGC I was able to get insurance that could be subsidized by the HCTC to help offset the plans cost.

Many retirees however are unable to return to work. For them a decision must be made to buy medications or pay utilities. This is due to the increased premium costs, the increased deductibles, and out of pocket expenses. These items have a direct impact on so-called disposable income. Many have let medical problems go untreated because they simply can't afford to get sick. Many are no longer afraid to die but afraid to live.

Many retirees had asked and are still asking, "How did this ever happen?" "Wasn't there ERISA laws in place to prevent this from happening?" Who decided what benefits we would receive, what benefits would be reduced, or eliminated? Who all was involved in the negotiations and what role did each play in the final outcome? How long will the aggregate net value of \$467 million provide healthcare to all the parties enrolled in plan as referred to in the bankruptcy settlement agreement Page 7 of 15 item 5B? And lastly what funds are being used to top-up the IUE-CWA retirees pensions.

One question retirees continually asked is if the Delphi Hourly Pension had been fully funded at the time of the spin-off. I could not find any entity that would discuss this issue so I turned to the Department of labor/Freedom of Information Act, and at my own expense, requested form 5500 which had direct funding information regarding the Hourly Pension Plan. The information in their possession would only go back to the year 2004. However, when then CEO, Richard Wagner appeared before the House Financial Committee requesting a loan in October 2008 he stated that all GM Pension plans

where 100% funded, and at the November hearing prior to the loan that was received by GM, he stated the plans were 80-85% funded due to market downturn.

In an another attempt to communicate with GM some of the retirees concerns, I had written to then CEO Fritz Henderson (I received a standard form reply) and also with Mr. Ed Whitaker, the new CEO to which I have not received a reply. I also I reached out to the new President of North America operations, Mr. Mark Reuss, and although we have had limited communications, I feel good in the fact that he instructed members of the Human Resource staff Ms. Jean Rose and Mr. Preston Crable to communicate with me about regaining the loyalty of the Delphi/Gm retirees, to the GM brand.

I chose that subject matter because when talking to many in the car business locally, I learned that due to the financial crisis, and the bankruptcy's direct impact, sales had been reduced dramatically. Many Gm/Delphi retirees who always had been loyal consumers felt that due to the betrayal regarding earned and promised benefits after years of service and loyalty that they just could not support GM in good conscience.

Also along the financial crisis impact I have spoken to many in the healthcare field in our area and they agree that the bankruptcies, have had a major impact on their practices as well as facilities they frequent such as Forum Health. Some have even stated, that if they were just beginning to practice this would not be an area that would provide long term opportunities for them.

As was instructed in my invitation I believe the Congress can be of help to all retirees not just those of us at Delphi. H.R.3455 Introduced by Congressman Ryan can help GM/Delphi retirees with their health care concerns. H.R.1322 sponsored by Congressman Tierney would be beneficial to all retirees. And as Chairman Rob Andrews stated at the House H.E.L.P. committee hearing in Washington D.C.this past December, workers need to gain secured creditor status and moved to the head of the line.

Lastly, the HCTC subsidy, which is due to expire and default to a higher rate at years end, needs to be extended. If these issues would have been addressed when the Steel Industry was affected years ago we would all be in different situations today. So if Congress would really like to help, make sure all retirees affected by these and future bankruptcies are made whole. And also make sure that all the parties involved in these bankruptcies are held accountable for their part in the proceedings.

Thank you for this opportunity to speak and I would welcome any and all questions either later today or at the committees leisure. I will return to Washington D.C. if needed to discuss these issues if requested. I would like to extend my gratitude to Chairman Franks for allowing this hearing to take place, and also would like to thank Congressman Wilson and the rest of the Ohio delegation who worked so diligently on these issues and made this hearing, here in the valley a reality.

Milan Dragojevic Jr.

Education

[1967-1971] Warren Western Reserve H.S. Warren, Ohio

Autobody

- Automotive paint and collision 2yrs

Work experience

[8/10/72-1/1/07] Delphi Packard Electric Warren, Ohio

Master Board Builder

- Design and fabricate Wiring fixtures and troubleshoot related problems
- 10 yrs as Manufacturing Technician troubleshooting process and equipment problems in the areas of plastic molding, plastic components, and rubber seal applications
- Part of my duties was to travel to suppliers and different Manufacturing locations to troubleshoot issues at their facilities
- Also part of my duties was to evaluate new equipment prior to purchase
- 2 yrs Alternate Union Representative
- 5 yrs Quality Control
- 3 yrs Plastic Mold Operator
- numerous other position regarding manufacturing of automotive wiring and components
- Presently employed by the Ohio Turnpike Commission as a part-time toll collector employment began 10/03/08 – present
- Held other part-time positions since my retirement from Delphi on 1/1/07
- Dick's Sporting Goods as a Lodge Associate approximately 1½ years
- Drove autos for Taylor Kia of Boardman for approximately 2 years
- Work as an auto porter at Enterprise rent-a-car for approximately 7 months

Volunteer experience

Red Cross CPR Instructor and PADI Assistant Diving Instructor

Hobbies

Boating, sports, Hunting, and Trap Shooting