



December 16, 2009 To All Members of NCRO:

We know there is concern over attempting to replace lease cars and decide whether to purchase or lease a car in the future. There has been much confusion over the retiree lease since dealers did not receive info prior to Monday of this week. This is an attempt to assist retirees in reducing the confusion and does not indicate NCRO is satisfied with the terms of the new retiree lease.

In addition, to support the plight of members who have to replace leased vehicles, the NCRO has been working to find several "friendly" dealers in the Detroit metro area that will treat retirees well and have agreed to establish a **retiree friendly process**. We have agreements with two so far and hope to have several more in the near future. If you are out of the area we also have a **general process to follow** at the end of this email. We hope this information helps you. **Note: Please forward to any retiree that you know that does not have an email address.**

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General Information on purchase/Lease if outside of Metro Detroit

**General Information** While you are welcome to go to any dealer, we have several dealers that have designated an individual or individuals to specifically handle retirees and have developed a process they will follow with retirees. The process includes an appointment, capability to help secure your certificate and claim numbers, culminating in leasing or selling you the vehicle of your choice at the EP formula price or less without hassle.

Here is the general process:

- 1) Contact either dealer.
- 2) Schedule an appointment.
- 3) Call the 800-227-0757 between 9AM and 6 PM EST to get your certificate numbers and control numbers.
- 4) Meet with the designated individual at the dealership
- 5) Advise which vehicle or vehicles you are interested in. Check and print out the Regional Incentives at <http://www.chryslerretirees.com/regionalincentives.htm>  
Bring a copy of the print out with you when you go to the dealership
- 6) The dealer will review your options based on your needs  
This includes: Annual mileage driven, price class you want, equipment level, etc.  
In addition you should already investigate your insurance situation for the vehicles you are interested in. You can do this on your own or the dealer will

recommend some options. Your insurance is a result of your Credit History, Driving Record, Claims History, Zip Code, and Type of vehicle being insured etc. 6) Report your satisfaction on the NCRO blog so other retirees can learn from it.

There are some things that you should know before going to the dealership. (Note these are not the official rules but just general information.)

The current “zero down” retiree lease program is not as good as the EL lease we had last year but it is better than the EL lease program we had last week. 1) Only 2010 models are eligible. 2) There is no set formula (ie 1.9%) because each vehicle has its own level of incentives 3) There is a mileage limitation (15,000) 4) You can buy incremental miles up front, which will be credited back to you at the end of the lease if not used. If you don’t buy mileage up front the over mileage penalty at the end of the lease is 50% more. 5) Zero down means you don’t pay anything down for the vehicle but at the time of the sale you do have to pay taxes, license, first month’s lease payment and security deposit which will be refunded at the end of the lease if the vehicle is returned in good condition. Insurance payments are due to your insurance company. 6) You must purchase your own insurance. 7) Some dealers may not want to lease you a vehicle based on this program because it limits their profit. The RFDs are willing to forego that profit. 8) The program continues through June. The rate in effect when you lease the vehicle will remain in effect for the length of the lease but the rates GMAC charges for new leases may change periodically which means they may go up Jan 1<sup>st</sup> based on the marketplace. 9) Retiree certificates expire at the end of this year and we cannot be certain of the level of incentives after the first of the year. 10) The cost comparisons made by a retiree in the third section are not comparisons made to the past 2 year EL lease but to other available 36-month leases. 11) An extended warranty should be considered if you drive more than the 15,000 miles a year. Prices for those at listed at the end of this note. 12) Once you are in the lease you are responsible for the vehicle for the entire term of the lease. You can’t return it without consequences like the EL lease.

#### **Experience of One Retiree who visited RFD to “test the system” for NCRO**

*“I am interested in a **Chrysler T&C**. I met with Matthew and Joseph from the Retiree Friendly Dealership yesterday to get as much detail as I could. I also met with Joseph today to get clarification on a few points. I contacted my auto insurer, MetLife, to get an estimate on monthly insurance cost since retirees will be responsible for providing their own auto insurance whether lease or buy.”*

**Auto Insurance:** *“There are five criteria that the company uses for a new policy,*

- 1 *Credit History*
- 2 *Driving Record*
- 3 *Claims History*
- 4 *Zip Code*
- 5 *Type of vehicle being insured”*

*“An individual can get a better price if the person insures multiple vehicles with the same*

company and/or has other policies with this company e.g. homeowner.”

“I asked MetLife what the cost would be for me to insure a Chrysler T&C Limited and a T&C Touring. I have another vehicle insured through them as well as my homeowner insurance which helps reduce my cost. Chrysler T&C Limited \$550/6 months Chrysler T&C Touring \$500/6 months”

“Bottom line I could expect to add \$90 per month to my lease or buy monthly payment.”

**Lease vs. Buy** “ This is where the meeting with Joe and Matt was very helpful. There are two options for leasing, the new corporate retiree lease program and a normal lease that has increased end of year incentives. Buying a vehicle has several options Customer Cash (+Bonus Cash) or APR 36/48/60/72 or COMBO. As you can see there are five different scenarios for an individual to chose from when buying or leasing a vehicle. Also there are special end of year incentives, which vary depending upon the scenario and the vehicle. For example, Chrysler is offering AWD free on the 300, Chrysler T&C Touring has a special end of year lease percentage rate (normal lease program with special end of year incentives). Therefore it is best for the individual to meet with Matthew since incentives and freebies vary on each vehicle and are subject to change.”

**Lease a vehicle** “ The new retiree lease program being offered is for 36 months. It is a typical lease program where if you decide to turn it in early you are still required to pay for 36 months. Depending on the dealer and your particular circumstance you may be able to get it waived. The **interest rate** for determining your monthly lease payment is 4.9% available from December 9, 2009 thru January 4, 2010. So the rate can change after January 4, 2010 either up or down. The **dollar incentive** varies from vehicle to vehicle but is a higher amount than what I would get on a normal lease or buy. The **maintenance package** is a typical package that you can purchase from the dealer. I do not have all the details but it covers lube, oil changes and certain component failures. It does not cover items such as brakes, tires or windshield wipers, which are wearable items. The retiree lease program also gives you 15,000 miles per year. You can buy additional mileage for \$0.10 per mile (pre-paid) or \$0.15 per mile at the time of turn-in. If you pre-pay and you do not use all the additional miles you bought, then you will be refunded. You do not get any money back if you use less than 15,000 miles per year.”

“I had Matt and Joe quote me a lease on a Chrysler T&C Limited using both programs. On the End of Year lease Matt added into the lease payment the (dealer) cost of the maintenance package and an additional 3,000 miles over the 12,000 miles per year to make it a 15,000-mile lease plus special end of year dealer incentives not available on the retiree lease. New Retiree Lease Program \$564.57 End of Year Special Incentivized Lease Program \$550.90 (Includes special dealer incentives and extended warranty at dealer cost)”

“Both lease programs provide you with Towing and Roadside assistance.”

*“Matt and Joe also priced out a Chrysler T&C Touring under both programs. The benefit is that the vehicle is comparable to a Limited minus a few options, AC vs. ATC. This could be good with someone you want a high-end vehicle but at a lower cost. Also there is a special end of year incentive on the Touring for a normal lease, the monthly finance rate is 0.86% which is somehow different than an APR and not apples to apples when comparing to the 4.9% rate. New Retiree Lease Program \$479.92 End of Year Special Incentive Lease Program \$457.36*

*(Includes special dealer incentives and extended warranty at dealer cost)”*

*“When you lease you are required to pay up front, the first month lease payment + a refundable security deposit which is equivalent to your monthly payment rounded to the nearest \$25 + taxes on the incentives. On the Limited above it would be approximately \$1400.”*

**Buy a vehicle** *“There is a lot more to this than I could put on a spreadsheet. You have several different options on how you want to buy the vehicle, no money down at 36/48/60/72 months, some money down at 36/48/60/72 months, or buy outright. Also the incentives are different since you do not get lease loyalty credit. I priced a Chrysler T&C Limited with no money down at 60 months. The interest rate is for T& C is 3.9% (although rates vary from vehicle to vehicle). My monthly payment would be \$590.43. This works out to be approximately \$20.50 per \$1000.”*

45K	\$310
50K	\$340
60K	\$455

Purchased Vehicle Extended Warranty	
Years/Miles	Cost
5/60K	\$790
7/100K	\$2,200
5/60K *(with \$100 Deductible)	\$550