



# NRLN Focus



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## Retirees Participate in NRLN Conference and Capitol Hill Meetings

A group of NRLN and Retiree Association leaders braved a blustery first week of February on Washington D.C.'s Capitol Hill to advocate the NRLN's top legislative initiatives with their Representatives, Senators and members of their staffs.

As has been tradition in recent years, the conference began at 2:00 p.m. Monday afternoon so many attendees could fly in that morning and save a night's lodging. NRLN President Bill Kadereit opened the conference with his version of the "State of the NRLN" presentation.

He talked about the NRLN Board's December decision to add NRLN Chapters to attract new members from diverse company and governmental backgrounds within geographic areas. Chapters will supplement NRLN Retiree Associations and Individual Memberships by recruiting retirees to grow the NRLN's grassroots base. Together, Retiree Associations, Individual Members and Chapters will further the NRLN's recognition by Congress, other advocate groups and potential new members as a strong voice for retirees on a wide range of issues for retirement income security and reducing the cost of health care.

### Legislative Proposals

During another segment of the meeting, Kadereit discussed the NRLN's legislative proposals on prescriptions that would save U.S. consumers \$235 billion over ten years. The proposals set forth in a newly revised white paper (see at <http://www.nrln.org/pvtflyin.html>) include:

- Safe Importation of Prescription Drugs
- Medicare Competitive Bidding of Prescription Drugs
- Breaking the Generic Drug Backlog
- Stopping Brand and Generic Drug Manufacturing Restraint of Trade Practices

Other white papers whose revisions were completed in January following months of work by NRLN committees were described by Michael Calabrese, NRLN Legislative Adviser. Those included:

- Pension asset protection by stopping corporations from using pension plan assets for non-pension expenses.
- Reform Pension Benefits Guaranty Corporation rules to ensure equitable calculations of benefit payments to retirees when the PBGC has to take over a pension plan.
- Reform corporate bankruptcy laws to place retirees' pensions and benefits on a list of obligations that companies can't shed in the bankruptcy process.
- Gain legislation that protects pensions and health care when companies merge, acquire or spin off assets.

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(Continued from page 1) ***Retirees Participate in NRLN Conference and Capitol Hill Meetings***

Marta Bascom, NRLN Executive Director, Bob Martina, NRLN Vice President - Grassroots and Ray Sternot, a member of the Legislative Affairs and Grassroots Committee, covered the essentials of the messages on the NRLN's legislative initiatives that should be communicated on Capitol Hill. Martina also made a presentation identifying where Congressional Districts still need leaders.

### **Guest Speakers**

Two guest speakers made presentations about the need to protect defined benefits pension plans. Diane Oakley, Executive Director of the National Institute on Retirement Security (NIRS), made a presentation on research showing that defined benefit pension plans better serve retirees than defined contribution plans, including 401k plans. Calabrese joined with Curtis Kennedy, a Denver attorney, in a discussion about "de-risking", a practice by which a company purchases annuities for retirees instead of making pension payments.

Kennedy is representing Verizon salaried retirees in a lawsuit against the company's \$7.5 billion deal which would effectively turn 41,000 defined benefit pensions into annuity contracts with Prudential. The Verizon retiree plaintiffs charge that Verizon's plan to transfer the retirees' pensions from the Verizon Management Pension Plan into Prudential insurance annuities violates the federal Employee Retirement Income Security Act (ERISA). One point of contention is that ERISA does not permit Verizon to carve out 41,000 pre-January 1, 2010 plan participants from over 100,000 plan participants.

American Bell Telephone Retirees (ABTR – Verizon) is funding Kennedy's legal action. The NRLN board is proposing a special fund drive to fund Legislative and Regulatory proposals (new white papers) that would change the law and seek regulations to better protect all retirees' pensions from termination actions like those taken by Verizon.

### **Capitol Hill Appointments**

At noon on Tuesday attendees, including Kadereit, Bascom and Calabrese, headed for more than 50 appointments on Capitol Hill with Representatives, Senators and members of their staffs. Among those appointments was a meeting that Bill Simmons, an NRLN Wisconsin Congressional District Leader, arranged with his Congressman, Paul Ryan, Chairman of the House Budget Committee and Republican candidate for vice president in the 2012 presidential election. Lowering prescription drug costs and protecting retirement benefits were discussed in the meeting.

In a meeting that Mary Ann Neuman, NRLN Board Member and Chair of AUSWR – NWB/US West/Qwest arranged with a staff member for



U.S. Representative Paul Ryan of Wisconsin (second from left) takes time for a photo following a meeting with (left to right) Bill Kadereit, NRLN President, Bill Simmons, NRLN's Congressional District leader for WI-01, and Joe Huber, member of the National Chrysler Retirement Organization (NCRO)



Jayme Fuglesten, (left) Legislative Assistant to Minnesota Senator Amy Klobuchar, meets with (left to right) NRLN President Bill Kadereit; NRLN Board Members Joe Dombrowski, President, Lucent Retirees Organization (LRO); Mary Ann Neuman, Chair of NWB-US West-Qwest, and Bob Martina, LRO Legislative Affairs Director

Minnesota Senator Amy Klobucher it was learned that two issues the NRLN has been advocating to reduce the cost of prescription drugs had just been introduced as bills.

One bill is to have competitive bidding for medicines for Medicare participants. The other bill is to prevent the practice of pay-for-delay where brand name drug companies pay generic drug makers to keep their less expensive generic drugs off the market for a period of time. The NRLN will be reviewing the bills to determine whether they contain the necessary provisions to be beneficial to America's retirees.

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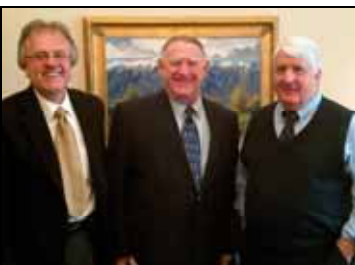
*(Continued from page 2)* **Retirees Participate in NRLN Conference and Capitol Hill Meetings**

Hal Pierce, a Lucent Retirees Organization (LRO) Board Member, had a meeting with his Oklahoma U.S. Representative Tom Cole and staff members for Oklahoma Senators to discuss the NRLN's top legislative initiatives. He was accompanied by LRO President Joe Dombrowski who also had meetings with his Arizona members of Congress.



Oklahoma 4th District U.S. Representative Tom Cole (left) and Hal Pierce, Southwest Region Director for the Lucent Retirees Organization (LRO), take time for a photo following their meeting

Jay Kuhnle, President of the National Chrysler Retirement Organization, lead a group of eight NCRO leaders who met with staff members of both Michigan Senators and a number of Michigan Representatives. Detroit Edison Alliance of Retirees (DEAR) leaders Bob Tompkins, President and Robert Barrette, Treasurer, joined in the meetings with the staff members of Michigan's federal lawmakers.



U.S. Representative Rob Bishop of Utah (right) takes time for a photo following a meeting with AUSWR-UT Legislative Director Del Polad (center) and Neal West, a AUSWR-UT representative

Del Polad, Legislative Affairs Director for AUSWR-Utah, and Neal West from Utah arranged a meeting with top staff members of the Senate Finance Committee that was attended by 10 NRLN and Retiree Association leaders.

The Senate Finance Committee has jurisdiction over several retirement issues. Bob Martina, NRLN Vice President and LRO Legislative Affairs Director, visited with staff members for both Louisiana Senators and all six Representatives. Congressional Staff members for Illinois and Iowa, where large numbers of John Deere Retiree Association members live, had meetings with Mike Stohlmeyer, JDRO Executive Committee member.

The three representatives of AT&T/Ameritech/SBC Retirees (AASBCR), Carole Lovell, President, Chet Przybyslawski, Treasurer, and Ray Sternot, Legislative

Affairs Director, made the rounds to the offices of Florida, Illinois and Ohio delegations. Airline industry retirees including Will Buergey, President of Delta Pilots – DP3; Wendell Lewis, DP3 Board Member; Jill Frank Smoak, American Airlines, and United Retired leaders Claudia Blancett and Lina Reinert attended meetings on The Hill to emphasize the need for reforms to corporate bankruptcy laws and Pension Benefit Guaranty Corporation PBGC rules. Also stressing the need for these changes was Bob Volpe, founding President of the



NRLN members on the left side and ends of the table meet with members of Senate Finance Committee staff. The committee has jurisdiction over a number of retirement legislative issues

Eastman Kodak Retirees Association (EKRA), whose former employer is in bankruptcy.



J. R. Sanchez, (left of flag) Legislative Assistant to Florida Senator Marco Rubio takes time for a photo after meeting with (left to right) Bill Simmons, NRLN Congressional District Leader from Wisconsin; Ray Sternot, Vice President, Legislation for AT&T Ameritech/SBC Retirees (AASBCR); Carole Lovell, President, AASBCR; Chet Przybyslawski, Vice President, CFO, AASBCR, and Joe Huber, National Chrysler Retirement Organization (NCRO) member

Engineering Retirees Society (from Boeing) leaders, Dave Watt, President, and Dwight Rousu, Vice President, met with staff members for a number of Washington state's members of Congress. Another west coast attendee, Chuck Gilbert, TelCo President, visited with staffers from California's Congressional delegation.

Given the limited space in this newsletter, not all individuals and their organization affiliation can be recognized for their appointments on Capitol Hill. Feedback from conference attendees indicated that the vast majority of appointments on Capitol Hill had value for communicating the NRLN's legislative priorities.



## ***The NRLN Clarion Call ... Forming NRLN Chapters to Build Grassroots Clout on Retirement Legislative Issues*** By Bill Kadereit, NRLN President



The more members the NRLN has the greater our influence is in Washington, D.C.

In an effort to further grow our Grassroots membership, the NRLN is working on organizing Chapters across the nation. Retiree Associations, composed of retirees and future retirees from a single employer, have been affiliated with the NRLN since its founding in 2002. Thirty-one Retiree Associations are currently NRLN members. Chapters can range from a small group of individuals who share a common interest, to neighbors in a housing developments or a retirement village, to people in a geographic area such as a state.

These Grassroots groups will be built around retirees and future retirees from a mix of companies and public entities. Or, retirees and future retirees from a particular company can form a Chapter under the NRLN's charter rather than a Retiree Association which is formed as a non-profit organization. Chapters are not intended to replace or conflict with the interests of existing NRLN Retiree Associations.

Today, NRLN members reside in all 50 U.S. states. There are state grassroots leaders in all 50 U.S. States and congressional district leaders in over 60% of the 435 U.S. congressional districts. The formation of Chapters is an additional effort to reach out to more retirees and future retirees so we can increase Grassroots participation in advocating federal legislation to protect retirement income security and reduce health care costs. Chapter members can help the NRLN better understand retiree issues and thus help us better define our agenda on an ongoing basis.

During the organizational stage, Chapters will receive support from our NRLN Regional Vice Presidents and the NRLN Vice Presidents for Grassroots and Legislative Affairs in the form of startup guidance and a number of support services, such as recruitment strategies and communications. The leadership team of a Chapter would include a President and officers for Grassroots and Legislative Affairs; Membership, and Communications. Or, individuals may handle more than one of these responsibilities.

Chapter leadership teams will coordinate the efforts of their Chapter members along with pre-existing NRLN members who are already engaged in NRLN Grassroots activities in their states and congressional districts. Chapters will recruit volunteers to serve on teams that will advocate the NRLN's legislative agenda in states and congressional districts with support from NRLN leaders.

Chapter members' email and mail address, including 9-digit Zip Codes to identify Congressional Districts, and phone numbers will be maintained in the NRLN's secured databases. Access to or use of such data by third parties is prohibited. The NRLN will provide accounting services, website and email services for each chapter and chapter members will receive a one-page double sided chapter newsletter included in the NRLN FOCUS newsletter three times a year. Chapter leaders will be free from administrative responsibilities so they can focus on building a social lobby network to augment NRLN's current grassroots network.

Two Chapters are in the early stages of formation in Arizona and The Villages, Florida and discussions are taking place with potential volunteer leaders in northern California, Colorado, Indianapolis, Kansas City, Philadelphia, North Carolina, and Seattle. Martha Deahl, the Arizona Chapter President, has been elected to the NRLN Board as the first representative for Chapters.

If you would like to explore forming a Chapter composed of former co-workers, members of a social group, a retirement community or a geographic area please send your name, phone number and/or email address and a brief description of your idea for an NRLN Chapter to [nrlnmessage@msn.com](mailto:nrlnmessage@msn.com) or call the NRLN toll-free at 1-866-360-7197.

Please support the NRLN's Chapter formation initiative in order help the NRLN build addition Grassroots clout with members of Congress to pass legislation to make a positive difference in the lives of retirees.





# NRLN 2013 Legislative Agenda Guides

## Lobbying with Congress

The NRLN's Legislative Affairs Committee and Grassroots Committee has been combined into a single committee to create synergy for developing and advocating the NRLN's 2013 Legislative Agenda.

The six-member gathered input from Retiree Associations and Individual Members to update the Legislative Agenda that is the NRLN's guiding document for lobbying with Congress. Committee members include: Co-Chairs Judy Stenberg, President, AUSWR – OR/WA Pension Equity Council; Bob Martina, Legislative Affairs Director – Lucent Retirees Organization; Marta Bascom, NRLN Executive Director; Will Buergey, Chairman of the Delta Pilots Pension Preservation Organization (DP3); Deb Morrissett, Director, National Chrysler Retirement Organization, and Ray Sternot, Vice President, Legislation, AT&T Ameritech/SBC Retirees.

The 12-page Legislative Agenda can be accessed by going to the NRLN website at [www.nrln.org](http://www.nrln.org) and clicking on the "Legislative Action" tab near the top of the home page. Also accessible through the tab is the "Top Initiatives" for Lobby Focus in 2013 and the NRLN's white papers that propose legislation on retirement issues.

The following is a very condensed summary of the NRLN's 2013 legislative priorities:

### **Pension Asset Protection (PAP):**

The NRLN advocates legislation that stops corporations from taking pension assets from defined pension plan trusts to pay lump sum severance and early retirement incentives. Congress should amend ERISA code Section 436(c) to require that any plan amendment that gives a subset of participants a benefit increase payable in the form of a lump sum must be immediately funded if the plan's adjusted target funding level is (a) less than 120%, or (b) would be less than 120% after taking into account the cost of the amendment.

Additionally, the NRLN supports the need for more corporate sponsor funding incentives and advocates more flexibility concerning the use of surplus assets (e.g., assets greater than 120% of vested obligations).

**Specifically, Congress should amend ERISA to permit the reversion of any surplus assets above 120% funding for any purpose that solely benefits plan participants (including early-out payments and funding health and welfare benefits), or for reversion to the company for any purpose if 50% of the reversion amount is distributed as a onetime benefit enhancement to all vested plan participants on a pro rata basis (e.g., a 2% monthly benefit increase).** Under each of these circumstances the excise tax on pension reversions should not apply.

### **PBGC Reform:**

The NRLN advocates that the Pension Benefits Guaranty Corporation (PBGC) be required to ensure equitable calculations of benefit payments earned by retirees, as required by the Employee Retirement Income Security Act (ERISA).



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### **Bankruptcy Reform:**

The NRLN advocates that bankruptcy reform is needed that places retirees' pensions and benefits on a list of obligations that companies can't shed while in the bankruptcy process.

### **Protect Retirees in Mergers and Acquisitions:**

Require legislation that clarifies what a parent foreign owner's pension plan obligations are should its' U.S. subsidiary be spun off or dissolved. U.S. based assets under control of a foreign owner must be able to be seized to satisfy ERISA funding obligations. Plan fiduciaries should be required to be American citizens.

### **Maintenance of Cost Protection:**

The NRLN advocates a Maintenance of Cost Protection (MCP) proposal that would establish a fixed monthly payment to retirees equivalent to the value of the benefits an employer provided prior to the reduction or cancellation of retirement health care, prescription drugs, life insurance, long-term care or other benefits.

### **Reduce the Cost of Prescription Drugs:**

The NRLN advocates for the reduction of prescription drug costs through passage of legislation that: (1) Enables re-importation and importation of safe prescription drugs approved by the FDA; (2) Enables Medicare to develop formularies and take competitive bids for prescription drugs; (3) Staffs and funds the FDA to reduce generic drug approval backlogs; (4) Prevents drug companies from colluding to control pricing or subvert free markets.

### **Social Security Proposal:**

Social Security is a contributory plan, an earned and paid-for benefit, not a government welfare program. Congress should address any long-term funding gaps by focusing on modest increases in the payroll tax rate and increasing the cap on maximum wages subject to the tax. There is no need to reduce the Social Security Cost of Living Allowances (COLAs), do means-testing or make other cuts in benefits. Social Security Trust assets should be in a "lock box", preventing access by Congress to cover other government spending.

### **Medicare Proposal:**

Medicare benefits are an inextricable part of American retirees' retirement planning and critical to the quality of life in retirement. Benefits should not be reduced. Instead, increase the Medicare tax on workers and employers until such time as payroll taxes can again fund 60-65% of the Medicare budget. Attack Medicare fraud with the full force of U.S. laws with stiffer penalties, including prison time. Set fair rates for physician fees and examine costly referrals and redundant practices and disallow them.



## NRLN Board of Director Elections

The NRLN Board of Directors has elected one new member and re-elected four members during its December 12, 2012 conference call. The newly elected Board member to a two-year term is Martha Deahl as the first at-large representative for NRLN Chapters. Re-elected to two-year terms are Will Buergey, Bill Gabbard, Chuck Gilbert and Bob Tompkins. The new terms on the Board members began January 1, 2013.



**Martha Deahl**, who lives in Phoenix, AZ is President of the newly formed Arizona Chapter. Since retiring from U.S West in 1998, she has held leadership positions with the Telephone Retirees Association of Arizona which led to her involvement as a legislative affairs leader with AUSWR-AZ and the NRLN. She also has spent time volunteering at assisted living centers and developing youth group involvement.

Martha spent 25 years with US West, moving through the organization holding many positions while being instrumental in the development and deployment of emerging technology and products internally and with customers. Martha played a key role in the creation of the Agent Channel within US West. She held many management positions causing her to work throughout the company's 14 states region while managing Arizona and New Mexico.



**Will Buergey**, Chairman of the Delta Pilots Pension Preservation Organization (DP3) representing retired Delta Air Lines pilots, was re-elected to the Board. He is a retired Boeing 777 international captain and former chairman of the Air Line Pilots Association at Delta Air Lines and past chairman of the Sky Team Pilot Alliance.

Buergey lives in the Upper Peninsula of Michigan and is involved in environmental issues, as the founder and past president of a non-profit corporation raising money to stop the spread of invasive plant species in the beautiful Northwoods (and lakes) of Michigan.



**Bill Gabbard**, Past President and a current member of the Board of JDRO – A Family of John Deere Retirees, was re-elected to the Board. Gabbard, who lives in Silvis, IL, retired from John Deere on December 31, 2001 with 43 years of service. At the time of his retirement he was the Manager of Industrial Relations for the John Deere Parts Distribution Center in Milan, IL.



**Chuck Gilbert**, President of the TelCo Retirees Association composed of Pacific Bell/Nevada Bell retirees, was re-elected to the Board. During his 29-years of service to AT&T, AT&T Long Lines and Pacific Bell, his tours of duty included training, accounting, marketing and PacBell's General Representative to the California Public Utilities Commission. Gilbert, who lives in southern California, has been an entrepreneur as President of Diversified Legal Services/CopyPro, Inc.; President of IHC Integrative Health Care, Inc.; owner of Assured Medical Staffing, Inc.; owner of The Abbey Home Décor; Partner in Gilbert Properties, and Partner in IPC, Inc. Investments. At age 80, Chuck is still bicycle racing on the road and track. He is working out to be prepared to set a record for his age group a Moriarty, New Mexico in September this year. He is also racing in state and national competitions.



**Bob Tompkins** was re-elected to the Board as NRLN Vice President – Secretary/Treasurer. He is President of the Detroit Edison Alliance of Retirees. A Michigan resident, he worked for Detroit Edison (DTE) for over 25 years in various leadership roles that included administration, purchasing, information services and support to engineering. Tompkins has also owned a tax preparation firm for the last 36 years.



# A View From Washington

By Marta Bascom, NRLN Executive Director

## A Brighter Spotlight on Retirement Security



Abuses and inefficiencies threatening retirement security have been addressed by Congress in a somewhat piecemeal fashion in the last decade, with legislative changes to the administration of defined benefit and defined contribution plans. Despite these efforts, it has become clear that the retirement crisis in this country will lead to a nationwide financial disaster perhaps greater than that in recent years with baby boomers maturing and growing into the majority population segment and potentially facing stark austerity, bankruptcy and unmet health care needs.

The answers lie in a close examination of the whole structure, a process which many legislators prefer to avoid because of the difficulty in getting all of the stakeholders (companies, financial institutions, labor unions, consumer groups and regulators) to

reach an agreement without serious political pitfalls.

It is too late to avoid financial pressure for retirees in the near future, but action now could save future retirees from the same fate. Some hope has emerged with Sen. Tom Harkin's (D-IA) proposed U.S.A. Retirement Funds, announced this past summer and emerging in this session of Congress as a major initiative. Sen. Harkin, serving as Chairman of the Health, Education, Labor and Pensions Committee, envisions a hybrid between defined benefit and defined contribution plans that would help individuals save and invest for retirement through a mechanism that recognizes the job mobility that characterizes today's job market as well as considerations for small business owners.

The process toward getting a vast proposal such as this passed into law is long, arduous and complex. Sen. Harkin must first "socialize" the proposal among the stakeholders in order to get everyone comfortable with the broad strokes he's laid out. This is followed by the very difficult step of working through details which involve other members of Congress acting on behalf of a myriad of groups, including consumers groups such as the NRLN, who want a say in the plan's structure. Senator Harkins' proposal has been posted on the NRLN website at

<http://www.nrln.org/documents/Harkin%20Proposal%20072712.pdf>. It is too early for the NRLN to give full support until it is further developed. However, the NRLN welcomes feedback on the broad issues the proposal addresses.

The details will determine the outcome of either a smooth sail or a deathly derail. It is too early to know the outcome but we'll take a good thought whenever we can get it. Sen. Harkin's approach of creating a whole new structure for retirement security in the wake of employment realities and savings habits is a great one. For the sake of future retirees and with cautious optimism, we prepare for the journey and hope for a smooth sail.

### National Retiree Legislative Network, Inc.

*The NRLN is the only nationwide organization solely dedicated to representing the interests of retirees and future retirees. Our mission is to secure federal legislation to protect retirees' employer-sponsored pensions and benefits plus keep Social Security and Medicare strong.*

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