



# NRLN Focus

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## ***The NRLN Clarion Call...Preparing for Pension and Healthcare Legislation***

By Bill Kadereit, NRLN President

Few things happen easily in Washington, D.C. The process of attempting to gain legislation to protect retirement pensions and benefits is arduous. The NRLN has two taskforces researching and writing white papers that will be the corner stones upon which to build proposals to key Congressional committees. We will ask them to write and sponsor statues that embody our proposals.



The NRLN's Pension Advisory Committee is preparing a white paper to show why legislation should be passed to restrict pension plan assets from being used as they are today, to pay for company restructuring expenses such as severance pay and layoff allowances. NRLN Pension Advisory Committee Chairman Frank Minter is being support in this task by Michael Calabrese, NRLN Legal Counsel, Herb Zydney and Marta Bascom, NRLN Executive Director.

Lump-sum severance or retirement enhancements have resulted in a weakening of pension plans. Companies have drawn down plan assets toward the 100% funding level or below to pay for the force reduction costs. This highly questionable practice has led to under funding or near under funding of defined benefit pension plans. Thus, it has increased the risk of the Pension Benefits Guaranty Corporation (PBGC) having to take over plans and resulted in many retirees not receiving their full level of pension payments.

Plans bargained by unions and subject to terms of a collective agreement would be exempt from the legislation that the NRLN is seeking. This exception is needed to preserve bargaining rights to protect plan assets through collective bargaining with plan sponsors. However, a growing number of retired union workers and all unrepresented management retirees currently have no protection under existing laws.

The NRLN believes pension plan assets should remain in pension trusts to protect pensions and possibly to fund Cost of Living Allowances (COLA). Therefore our

proposal will also call for elimination of the payment of executive supplementary pensions and deferred compensation from qualified plan assets. Also, we will call for language to preclude the sale of pension plan assets to 3<sup>rd</sup> party acquirers, being lobbied for by some of the companies that caused the subprime mortgage catastrophe. These new risks are very real and are being lobbied for in 2008.

The NRLN is developing a white paper to demonstrate the need to ensure that retirees will receive an employer-sponsored payment to purchase healthcare insurance should employers reduce or eliminate retiree healthcare plans. The urgency for passage of this type of legislation is evidenced by the number of companies taking advantage of the EEOC Rule that allows employers to reduce or eliminate healthcare benefits when a retiree turns 65 and becomes eligible for Medicare. Further, despite any comments to the contrary, the EEOC rule makes NO guarantees to retirees under age 65. Our goal is to create a catalyst for legislation that would provide a Maintenance of Cost Payment (MCP) to retirees who had been promised healthcare insurance by their former employers.

The MCP would obligate companies to pay a dollar amount equivalent to the amount of the company's contribution toward corporate plan benefits in effect on the date of retirement. Retirees would be more secure knowing that if a company reduced or eliminated its benefits or shifted increased costs to them, they could replace most, if not all, of their benefits with the fixed payment dollars. Corporations would benefit in knowing their portion of the bill for retirement healthcare would not grow. Under what the NRLN is proposing, companies that commit to retaining defined healthcare benefits for retirees would receive a tax credit (instead of a taxable deduction) equivalent to x% (say 25%) of the aggregate annual value of net MCP payments.

National Healthcare is a long-term solution recommended by our team and it appears companies believe this also, though they won't say it publicly.

*(Continued on page 2)*



(Continued from page 1) **The NRLN Clarion Call**

Containing healthcare costs and solving healthcare through a National Plan will take some time to evolve, despite campaign promises. We expect to face new Medicare and Social Security change proposals soon. However, the stakes are high now, so we will present our Pension and MCP proposals this fall.

As I stated in the beginning, few things happen easily in Washington, D.C. Each time you send a letter or talk with your U.S. Senators, Representative or a member of their staffs about the need for protecting retirees' pensions and healthcare benefits you are helping raise their awareness of these issues. Your assistance as a constituent and a voter will continue to be important for gaining the legislation that retirees deserve; legislation that will protect what they have earned through decades of effort and loyalty to former employers. **VOTE ONLY FOR CANDIDATES WHO COMMIT TO HELP SAVE YOUR BENEFITS!**

Also, please join the NRLN, our Grassroots effort and make an annual contribution. You can do all three at [www.nrln.org](http://www.nrln.org)

## TelCo Retirees Association Making an Impact

Since its formation in 2004, the TelCo Retirees Association, Inc. has worked to protect retirees' pensions and other benefits that were promised ranging from the pre-1984 days of the Bell System, to Pacific Bell and Nevada Bell, then SBC and now full circle back to AT&T.

TelCo leaders regularly communicate with AT&T executives to strongly encourage the company to recognize the contributions made by its retirees throughout their years of loyal and dedicated service. They have effectively used the news media to call attention to retirement issues and have partnered with the NRLN to have a stronger voice in Washington, D.C.

"This is a critical time for TelCo members," said Charles "Chuck" Gilbert, TelCo President/CEO. "When I meet with our retirees, I urge them to take an interest in protecting their retirement pensions and benefits. My caution to them is: please, do not believe our past employers will not take what they can to improve the company's bottom line.

"That may be their job. Our job is to remind them and Congress Pacific Bell retirees must be treated fairly. We will not go quietly into the night. We vote. We attend shareholder meetings. We influence others."

TelCo Chairman S. K. Emery echoes the necessity for vigilance. He notes the Association has devoted a great deal of time to monitoring AT&T's actions.

"We challenged SBC when it arbitrarily transferred over \$500

million from our pension funds to health benefits in 2004/2005," Emery said. "We also challenged this company decision with ERISA [Employees Retirement Income Security Act]. Unfortunately, ERISA governance law permits the transfer of pension funds by a corporation for its healthcare benefit programs."



S. K. Emery

TelCo has formed an alliance with other telephone industry retiree associations whose former companies are now part of the "new" AT&T. These retiree associations include Association of Ameritech/SBC Retirees, AT&T Concerned Employee Retiree (ACER) and Southern New England Tel Retiree Association (S.N.E.T.). The four retiree associations had a joint presence at the 2008 AT&T Annual Meeting and met with the AT&T Vice President for Human Resources.

TelCo was successful in co-sponsoring a proxy proposal initiated by the Ameritech/SBC retiree association for the 2008 AT&T Annual Meeting. Although the proxy proposal on corporate governance did not receive a majority vote, the proxy proposal got the attention of AT&T executives and board by gaining favorable shareowner votes.

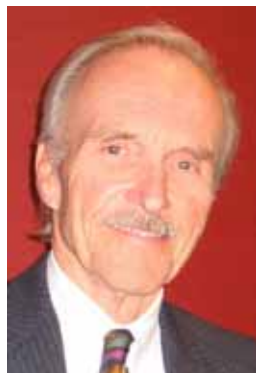
"With our current membership slightly below 2,000 of the 53,400 Pacific Bell and Nevada Bell management and non-management retirees throughout the country, TelCo definitely has a major growth opportunity," Gilbert said. "With the threat to our promised AT&T health benefits brought about by the EEOC decision permitting U.S. corporations to eliminate company provided health benefits to Medicare eligible retirees, the TelCo Retirees Association has given this issue a high priority in our membership expansion efforts."

## A View From Washington

By Marta Bascom, NRLN Executive Director

The 2008 Presidential Election is now moving toward its final stages as we enter into fall. Before voters make their choice, they have only a few months to try to get real answers - and real details - from the candidates about how they are going to address the challenges of health care and financial security for senior citizens in this country. All voters should be asking these questions, because the answers affect not just seniors but citizens of all ages who will be caring either directly or indirectly for our nation's retirees.

The problem is that both major party candidates have provided only sketches of their plans to the American people. Part of this is due to the nature of campaigns, where candidates are describing their platforms in "sound bites" on television, with the majority of voters only paying attention in the final weeks of a campaign. Nevertheless, it all leads to the need for more questions about where the candidates really stand on the issues.



Charles Gilbert





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Take the issue of health care, for example. Senators McCain and Obama have each presented divergent approaches to health care. Senator McCain is generally opposed to increasing the role of government and proposes a health insurance refundable tax credit for individuals and families (\$2,500 for individuals, \$5,000 for families). McCain's goal is to make health care more affordable and keep control within the hands of individuals, not government. McCain's plan would also allow non-traditional organizations such as churches and professional organizations to buy health insurance.

Obama, on the other hand, would greatly expand the government's role in providing and managing health care by proposing a "pay-or-play" mandate. Under this scenario, all companies above a certain size would be required to provide health insurance; those that do not would pay into a federal fund that would in turn provide for the uninsured. Obama's plan would also permit the federal government to negotiate directly with drug companies for prescription drugs. Both candidates support the re-importation of drugs from federally-approved countries at lower costs, an initiative strongly advocated by the NRLN on Capitol Hill.

When presented by their advocates, both plans appear to make sense, but what do they really mean for retirees? Under McCain's plan, the individual may have more control, but is that tax credit sufficient to cover the run-away costs of health care? Under Obama's plan, more people would be covered by a minimum standard of health care, but will that baseline coverage take into account those individuals requiring catastrophic coverage and innovative treatment and services? America's retirees need to know the answers to these questions because they face unique circumstances that neither candidate has sufficiently addressed.

Neither plan at present proposes a solution for retirees who are facing the reduction or elimination of health care benefits promised and bargained-for by their former employers. There is no indication that either candidate has examined whether Medicare encompasses the specific health care needs of seniors, and this is extremely important since so many politicians today believe that Medicare is the gold standard by which all coverage should be based. In short, health care for seniors, like that for children and other distinct groups, should be examined as a specific class as their needs and circumstances differ from those of others.

Retirees are a very powerful voting block, and they need to exercise that power as much as possible through Election Day on November 4th. We need to ask the hard questions and demand details from each candidate and their surrogates. The NRLN has constructed a candidate questionnaire that is being sent to the presidential candidates as well as all candidates running for Senate and Congressional seats. Questions are based upon our NRLN

legislative agenda which supports retiree needs and candidate responses will be posted on our website for your evaluation. If possible, attend town hall meetings. If your member of Congress is supporting a specific candidate - and, likely, he or she is - ask them specific questions (see NRLN website at [www.nrln.org](http://www.nrln.org) for the questionnaire list) and share your concerns either in person, by phone, by mail or e-mail. Only by asking questions will retirees be able to make an educated decision about which candidate to support, and only then will the candidates consider the weight of these issues. Make them understand that details are important, and retirees are watching.

## Chuck Gilbert is Retiree Leader, Entrepreneur & Racing Cyclist

Charles "Chuck" Gilbert, President/CEO of the TelCo Retirees Association, Inc., was elected to the NRLN Board of Directors in January 2007.



Chuck, who lives in San Diego, CA, was elected TelCo Vice President in February 2007 and became President/CEO in February 2008. During his 29 years of service to AT&T, AT&T Long Lines and PacBell his tours of duty included training, accounting, marketing and PacBell's General Representative to the California Public Utilities Commission. Chuck is also a recipient of the Bell System's Silver Vail Medal for his courageous action in the rescue of a man in a wrecked tractor trailer truck.

After retiring from PacBell, Chuck has been an entrepreneur as President of Integrative Health Care, Inc.; Owner of Assured Medical Staffing, Inc.; Owner of The Abbey Home Décor; Partner Gilbert Properties; Partner IPC, Inc. Investments, and current President Diversified Legal Services/CopyPro, Inc.

Chuck has a long history of community services. He was the Founding President of the Orange County, California United Way; Founding President of the Orange City Centre Rotary Club, and Chairman of the Orange County Economic Development Council. He has also been an active supporter of the San Diego Senior Olympics; Leukemia Lymphoma Society and Children at Risk.

Chuck's recreational passion is bicycling, including local and national racing. He is a past vice president of the San Diego Cyclo-Vets Inc. Masters Racing Club. In 2006, at the age of 73, Chuck was a member of an 8-man team that set a new record time for age group 65+ in the RAAM Race Across America from Oceanside, CA to Atlantic City, NJ. The distance was covered in 7 days, 8 hours and 36 minutes.

"While I have many interests and activities that demand my time, I keep a daily focus on what is impacting TelCo members and other retirees across our nation," Chuck said. "Retirees have worked for decades to earn their retirement pensions and benefits and they deserve to keep them."

Chuck notes that his TelCo Retirees Association has been a strong advocate for retirees to SBC and now the new AT&T. "However, there are some issues that can only be addressed by Congress and the President," he said. "That is why I spend the time to serve on the NRLN Board."



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*The NRLN is a nonprofit, tax-exempt organization. Contributions are not tax deductible.*

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**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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