



NRLN Focus

NRLN
NATIONAL RETIREE
LEGISLATIVE NETWORK

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The NRLN Clarion Call ... Advocating Retirement Security on Capitol Hill

By Bill Kadereit, NRLN President



There is no better substitute for getting the attention of members of Congress than meeting with them on their own turf on Capitol Hill. The next best communication is meeting with the Congressional staff members who often write the bills or influence what goes into them.

This is why the NRLN held its second Washington, DC Fly-In on September 13 -15, 2010. Fifty-one NRLN Grassroots Network Members from 11 Retiree Associations came to our nation's capital to engage their elected representatives and/or their staffs in a dialogue about the NRLN's top legislative priorities. About one-third of the attendees had participated in the first Fly-In last year.



NRLN President Bill Kadereit makes a presentation on legislative issues at the Fly-In orientation session

So that we all communicated to our lawmakers and their staff members a consistent message, the afternoon of first day was devoted to an orientation session about the NRLN and our top legislative priorities for 2010. This included:

- Pension asset protection to prevent companies from using pension fund dollars for non-pension expenses.

- Corporate bankruptcy law reforms to gain fairer treatment of retirees in bankruptcy court proceedings.
- Pension Benefit Guaranty Corporation rule changes to benefit retirees whose pension plans are taken over by the PBGC, plus the protection of pensions in mergers and acquisitions.
- Initiatives to generate savings on prescription drugs.
- Advocate the NRLN's Maintenance of Cost Protection (MCP) proposal that would establish a fixed monthly payment to retirees equivalent to the value an employer provided prior to the reduction or cancellation of retirement benefits. Companies would be entitled to tax credits as an offset to MCP payments.
- Immediately address the access and affordability of health care coverage for retirees ages 55 to 64 by allowing them to buy into Medicare at a cost that does not burden the Medicare system. A larger health care pool with younger retirees would actually drive down the per capita cost.
- Congress should extend protection against catastrophic medical costs to the Medicare population by setting a reasonable maximum limit on out-of-pocket costs.



Leaders of the National Chrysler Retiree Organization (l-r) Richard Brown, John Glotzbach, Jay Kuhnle, Stan Hurst and Chris Dyrda discuss plans for next meeting in the Hart Senate Office Building

(Continued on page 2)



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

These legislative priorities were explained in writing in the form of Executive Summaries from Whitepapers developed by the NRLN. The Executive Summaries were included in folders for each Fly-In attendee to present to his/her Representative and Senators or staff members. (The Whitepapers are available on the NRLN website at www.nrln.org. Click on the "Legislative Agenda" tab and select "NRLN Whitepapers" in the dropdown menu.)

Also included in the folder was a 25-page Hardship Testimonials document providing 89 personal stories from NRLN Grassroots Network members in 30 states who retired from 14 companies on how the loss or reduction of their company-sponsored pension and/or health care and life insurance has negatively impacted their lives.

In addition to the meetings that Fly-In attendees scheduled with members of Congress and their staffs, Marta Bascom, NRLN Executive Director, arranged for four group meetings:

Chairman Sander Levin

Michigan Representative Sander Levin, Chairman of the House Ways and Means Committee, and his staff members hosted a meeting with 16 Michigan residents representing the National Chrysler Retirement Organization (NCRO), General Motors Retirees Association (GMRA) and Detroit Edison Alliance of Retirees (DEAR). Chairman Levin's staff is working with the NRLN to protect retirees' pension assets from misuse by companies for purposes other than those originally envisioned by Congress. We are striving to reach agreement with labor and business on legislation language which will best protect the financial security of retirees.

Chairman George Miller's Staff

Unity of the retiree associations' dedication to pension asset protection and PBGC reform was demonstrated by participation in a meeting with staff members from the



Fly-In attendees meet with Josh Karetny (center) in the office of Sen. Sheldon Whitehouse (RI) to discuss the need for more equitable treatment of retirees in corporate bankruptcy courts

House Labor and Education Committee chaired by California Representative George Miller. Staff members Ryan Holden and Meredith



Ryan Holden and Meredith Regine, of the Ways & Means Committee staff (at center table) listen to Fly-In attendees explain why pension asset protection legislation is needed

Regine were generous with their time in listening to our desire to identify a bill to which pension asset protection language could be added or the creation of a new bill to prevent corporate abuse of pension plan assets. We also discussed the NRLN efforts to reform the process by which the PBGC assesses pension values and disbursements in order to ensure more equitable treatment of retirees.

Senator Sheldon Whitehouse's Staff Member

NRLN members filled the conference room in Rhode Island Senator Sheldon Whitehouse's office for a meeting with Josh Karetny, Chief Economic Counsel, to stress the need for the reform of corporate bankruptcy law for the more equitable treatment of retirees. Karetny showed interest in our concerns that when corporations enter bankruptcy there are no clear-cut rules to ensure that retirees—especially salaried retirees—receive equal treatment with that afforded to secured creditors. During our discussion with Karetny, he indicated there might be a hearing conducted in the future by Senator Whitehouse's Subcommittee on Administrative Oversight and the Courts on the issue of bankruptcy reform, and that the NRLN might explore the possibility of testifying.

PBGC Director and Staff

Twenty-eight NRLN members stayed over for the "optional day" on September 15th to attend a meeting with



PBGC Director Joshua Gotbaum (standing) talks with NRLN and Retiree Association leaders after the retirees addressed with PBGC staff members the need for PBGC reforms



(Continued from page 2) **The NRLN Clarion Call**



Kevin Donnelly, (center)
Legislative Director for Rep. Phil
Hare (IL-17), pauses for a photo
with John Deere Retiree
Organization leaders Bill
Gabbard (left) and Jim Manley

PBGC officials. Frank Minter, Chairman of the NRLN Pension Advisory Committee (NPAC), gave opening comments expressing the NRLN's concern that workers and retirees learn only after their pension plan is terminated that a number of PBGC practices can leave them with benefits that are permanently reduced. NPAC members Al Duscher, John Glotzbach and

Michael Calabrese, NRLN Legislative Strategist who wrote the PBGC Reform Whitepaper, spoke about PBGC procedures that the NRLN believes are detrimental to retirees. I, along with John Christie, GMRA President; Jay Kuhnle, NCRO President, and Bob Volpe, President of EKRA – Eastman Kodak Retirees, made comments on the need for a more equitable treatment of retirees when the PBGC takes over a pension plan.

During the two-hour meeting at PBGC headquarters, PBGC staff members made presentations and answered questions about how the PBGC process works after taking over a pension plan. Toward the end of the meeting, Joshua Gotbaum, who was recently appointed PBGC Director by President Obama, addressed the meeting. We were pleased to hear him say that he might welcome statutory and rule changes that would make the PBGC's job easier and, we would hope, more equitable for retirees. The NRLN has pledged to work with the PBGC staff in any way we can to achieve both of these objectives.

NRLN's Approach To Advocacy

When NRLN members go to Capitol Hill, we are not there to carry signs with slogans, assemble on the mall or march on the Capitol Building. We are there to educate lawmakers and their staffs in a respectful, professional manner on what is happening to our members and what we believe Congress needs to do to help the financial security of retirees.

Jim Manley, Treasurer of the John Deere Retirees Organization (JDRO) stated it well in an email he

sent to me to report on the meetings that JDRO leaders had on Capitol Hill. He said their message was that from the 90s forward retirees—especially salaried retirees—have become disenfranchised... not wanted by their former companies or the federal government. They pointed out in their meetings that being on Medicare is not a guarantee for retirement security. Catastrophic expenses are pushing many seniors into bankruptcy. Many seniors have to choose between medicines or food. There are so many broken promises from the companies to retirees. When planning for retirement there was no budgeting for the huge increases in health care costs because companies had promised to provide health care coverage at a reasonable price.

Here is what Ralph Montileone, a General Motors retiree and GMRA Vice President – Southeast Region, shared with me in an email following the Fly-In:

"The fly in was definitely value added. As a member of retirement groups NRLN and GMRA, I communicate with many retirees so it was very important to me to see how the system works. I am not from a political background so it enabled me to understand and raise my confidence level to better support all retirees represented. The trip greatly increased my ability to better explain to my [GM] retired members what our groups are doing to support them which I hope promotes increased membership pledges. It also raised my desire to get deeper involved in our causes to support all retirees."



Ralph Montileone, General
Motors Retirees Association
leader, meets with Rep. Marsha
Blackburn (TN-7)

NRLN members will again be on Capitol Hill as part of our **Annual Leadership Conference January 17-19, 2011**. I hope you will attend and come away with a feeling similar to the one expressed by Ralph Montileone.



Report on Key NRLN 2010 Survey Results

During a seven-week period from August to October, there were 10,002 NRLN Grassroots Network Members who participated in all or parts of the 2010 NRLN Future Directions Survey, a response rate of more than 15% and a 24% increase from the number of participants in the 2009 survey. Participants in the 2010 survey are retired from 116 companies and public entities with 1.8% of those responding still employed.

The information gathered in the survey will help the NRLN and retiree associations better understand members' views on important retirement issues," NRLN President Bill Kadereit said. "The data will help us determine whether we are on the right track with our priorities or if we need to make adjustments in order to better serve our members."

Survey Demographics

Among the survey participants 82.7% were salaried retirees. Formerly union represented retirees composed 14.1% of the survey participants. The balance of those responding included vested former employees with future pensions, spouses or surviving spouses of retirees and active employees.

The NRLN requested the age ranges of the survey participants since certain age milestones are significant. For example, at age 70 ½ retirees are required to begin taking annual distributions from their 401K savings plans. The 70 ½ and older age group represented 39.8% of the survey participants.

At age 65, retirees become eligible for Medicare. Twenty-eight percent of the survey

participants were between age 65 and 70 ½. The 55 to 60 age group represented 30.5% of the survey participants. Those age 50 to 54 composed 1.5% and participants younger than 50 were 0.2%.

One demographic that demonstrates the importance of the NRLN's mission to protect retirees' pensions is that 86.1% of the survey participants receive a defined benefit pension.

Highest Agreements

The highest levels of agreement—more than 90%—among survey participants included:

- 97.2% agreed the NRLN should direct its priorities toward assuring that companies are able to pay pensions as promised by getting stronger pension laws passed.
- 96% agreed the NRLN should inform members of Congress when a company's actions harm retirees.
- 95.8% agreed the NRLN should advocate retirees' rights with Congress by continuing its current lobbying to pass legislation to protect pensions and benefits.
- 95.4% agreed the NRLN should work to protect Medicare.
- 95.4% agreed the NRLN should hold companies accountable in the news media for actions that harm retirees.
- 93.1% agreed the NRLN should continue to exist.
- 91.8% agreed the NRLN should hold companies accountable with U.S. government leaders/agencies.
- 90.6% agreed the NRLN should place a high priority on endeavoring to pass laws

(Continued on page 5)



(Continued from page 4)

Report on Key NRLN 2010 Survey Results

to require employers to continue health care coverage for retirees.

Ranking Legislative Priorities

On the question that asked survey participants to rank order the NRLN Legislative Objectives, the top 5 were:

- 1. Protect pension plan assets by preventing companies from using assets to pay lump-sum severance or layoff payments.**
- 2. Prevent the use of pension plan assets to enhance deferred compensation of executives.**
- 3. Require corporations to pay a retiree health care Maintenance-of-Cost Protection (MCP) equal to the cost of an individual's health care benefits when reduction or cancellation of coverage or subsidies occur.**
- 4. Add catastrophic cost coverage to Medicare.**

Bring lower-priced generic drugs to the market in a more timely manner by increasing the funding to the FDA for increased staffing to clear the backlog on the testing and approval of generic drugs.

Health Care and Life Insurance

Company-sponsored health care plans provided by former employers are a significant benefit to more than half of the survey participants. A combination of Medicare and the former employer's insurance plan provides the health care coverage for 37.3% of the survey participants. Former employer health care plans provide the entire health care

coverage for 24.8% of the survey participants. In addition, 58.5% of the survey participants receive their prescription drug plan from their former employers.

Three quarters (76%) of the survey participants said the NRLN should make them aware of other health care insurance plans that could supplement or replace their former employer's plans.

On the question about the new health care reform law, 29.1% of the survey participants believe the law will be good for America and 63.5% believe the law will be bad for America. Looking at the law from a personal perspective, 15.5% believe it will be good for them and 56.5% believe it will be bad for them.

On the issue of life insurance, 48.3% of survey participants have a life insurance benefit from their former employers, but 35.4% have had the amount of their company-sponsored life insurance reduced and 17.7% have had their company-sponsored life insurance eliminated. There were 64.8% of the survey participants who said the NRLN should assist retirees/spouses with information on life insurance coverage.

Social Networking Media

With the advancement of social networking media, a question was included about Facebook and Twitter.

- 59.4% said they do not have a Facebook webpage.**
- 9.6% said the NRLN should have a Facebook webpage.**
- 1.7% said they receive Twitter messages.**
- 2.3% said the NRLN should send out**

(Continued on page 6)



(Continued from page 5)

Report on Key NRLN 2010 Survey Results

Twitter messages.

Improvements Needed

Kadereit said he would like to see Grassroots Network Members make improvements in two areas. Only 31.2% of the survey participants have read the NRLN Legislative Agenda. (It is available to read on the NRLN website by clicking on the "Legislative Agenda" link).

Only 53.1% of the survey participants usually read and take the action requested when the NRLN sends out an Action Alert. Kadereit said this needs to improve in order to have a stronger voice on Capitol Hill from voters back home.

There is not sufficient space in this newsletter to report all of the survey responses so the NRLN will provide more detailed data on the NRLN website. NRLN Grassroots Network Members will be notified when additional results from the survey have been posted. Group responses provided by survey participants who identified an affiliation with a retiree association will be provided to association leaders.



A View From Washington

By Marta Bascom,
NRLN Executive Director

Watch Vigilantly Over Your Health Care

The NRLN staff and you, its members, have been storming Capitol Hill and the Executive Branch with meetings and letters about the carving out of retiree-only health care plans from so many of the provisions of the health care reform law passed by Congress that retirees were waiting to take effect.

When the NRLN became aware of the loss of protections for retiree-only plans we immediately asked you to send Capwiz messages to members of Congress, the secretaries of the Treasury, Health and Human Services and the Department of Labor and the White House. We were there first and have been working with Congress and the relevant agencies to try to reverse this and your messages to your elected representatives are making an important impact on this effort.

We are told that it was not Congress' intent to specifically have some of these provisions carved-out through the Administration's rule making process, and we are hearing that the implementation of a technical provision in previous legislation regarding retiree-only health plans created the carve-out, rather than an intentional effort to exclude retirees. If that is the case, it leaves the door open to reversing any adverse impact the carve-out has on retirees, and the NRLN is doing everything in its power to maximize that possibility.

The fact that this may have been inadvertent (to

(Continued on page 7)



(Continued from page 6)

A View From Washington (cont.)

the delight of companies who want these exclusions to serve as legal reinforcements to their Reservation of Rights clauses hidden in your retiree health benefits plans), is in some ways more disturbing than the outward efforts of companies to drop all retiree health benefits promised to their former employees.

What this means is that government officials are not watching over retirees. Congress was silent on the issue of retiree-only plans when it recently passed health care reform, and the agencies did not go out of their way to consider a liberal interpretation of legislative intent to provide for retirees. The ERISA Industry Council of companies (ERIC), AARP and the AFL-CIO all commented in advance on the proposed “rules” but apparently they did not object to this retiree-only plan treatment.

This means that you, the salaried and non-union occupational retirees, must remain vigilant over your health care benefits and Congress’ and agencies’ actions in writing, passing and executing laws. As so many of you know, there are multiple forces out there working to get you off the balance books. Not only are companies working to eliminate promised retiree health benefits with as little back-lash as possible, but the government wants to ensure that they have to provide as little as possible until retirees are Medicare-eligible because of health care costs incurred by an aging population.

This is not an anti-government missive, but the plain truth about where our government stands in terms of retiree health care. Pharmaceutical costs are still an enormous monthly budget item for retirees despite rhetoric to the contrary, and until catastrophic care is covered by Medicare, retirees are going to remain in dire straits.

The NRLN is active on your behalf in Washington, DC and will continue to remain so until retiree health care and pension benefits are secure. The staff in Washington can’t do it alone, and our strength lies with you, our members, who tell their stories to their members of Congress and continue to apply pressure when action is needed to push back our adversaries. NRLN members are powerful as individuals and as a group, and through that power retirees can prevail. Keep up the good work!

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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How You Can Help The NRLN: If you have Internet access and do not receive NRLN emails, you should sign up at <http://capwiz.com/abtr/mlm/signup/> and ask your friends to sign up. When you receive an NRLN Action Alert, email the NRLN's letter to your members of Congress. Also, please make a financial contribution of \$25, \$50, \$75 or more. Any amount you can contribute will be appreciated. You may make your check or money order payable to **NRLN, Inc.** and mail it with the Contribution Form below. Or, you may make your contribution online with your credit card through PayPal on the NRLN website at www.nrln.org by clicking on the "**Membership**" tab on the home page and selecting "**Support the NRLN**".

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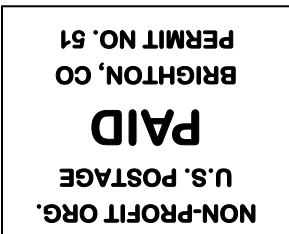
NAME: _____ **AGE:** ___ **UNDER 55;** ___ **55-64;** ___ **65 OR OVER**

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PHONE: _____ **E-MAIL ADDRESS (IF AVAILABLE):** _____

I get my pension check from _____ *(name of company)*

*Mail this form with your check or money order (no cash please) for \$25, \$50, \$75 or more (any amount is appreciated) payable to: **NRLN, Inc., PO Box 18757, Washington, DC, 20036-8757***



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