

Verizon retirees sue to protect their pensions

Retirement benefits could be affected if SuperMedia, like its predecessor, goes bankrupt

By **CLAUDE SOLNIK**

Julia Ekas was a loyal employee. In her 26-year career, she worked for New York Telephone, NYNEX and finally for Verizon, where she retired and began collecting a pension.

But then Ekas was moved one more time to a company she never worked for and had never heard of.

Ekas is one of more than 2,000 Verizon retirees who in 2006 found their pensions and benefits were transferred when Verizon spun off its embattled Yellow Pages operation to create a new Dallas-based company known as Idearc.

"We had nothing to say about it. We just got the information. You're being transferred to Idearc. No voting. No nothing," said Ekas, a Lindenhurst resident. "I was very unhappy about that. They didn't ask us or have a vote or notify us. We were just told."

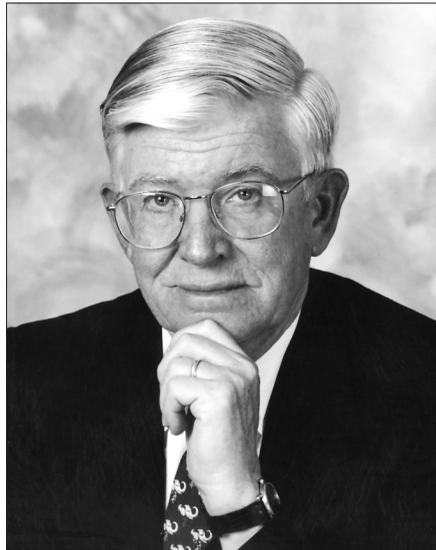
While Verizon thrived, growing and adapting, Idearc, which was spun off with \$9 billion in debt, has since gone in and out of bankruptcy, taking pensioners on a roller-coaster ride they say they never signed up for. Idearc filed for bankruptcy in 2009 and emerged as SuperMedia last year.

Retirees say they're worried their pensions and benefits could be put at risk if SuperMedia goes bankrupt.

"My major concern is if that company goes out of business," said Bob Patton, a Rockville Centre resident whose pension was transferred to the spinoff after 30 years with Verizon and its predecessors. "The Yellow Pages is a dinosaur."

The Association of BellTel Retirees, based in Cold Spring Harbor, filed an initial lawsuit in 2009, seeking to get these employees' pensions and benefits returned to the management and supervision of Verizon.

The group was granted class action status this February and is now awaiting leave to file an amended complaint, charging employees were improperly moved from Verizon and had some benefits cut.



William Jones: Retirees' health coverage got more expensive, and their life insurance shrank.

Lisa Vilfordi, a SuperMedia spokeswoman, said the company doesn't comment on litigation.

But the association argues Verizon had no right to move retired workers' pensions from a vast and robust company to a new company loaded with debt, focusing on an already embattled telephone directory industry.

"I had been in the [telephone company] treasury department, so I knew about the financing of the company," Patton said. "I knew almost from the get-go that the company they created was destined for bankruptcy."

The 112,000-member association, representing 230,000 Verizon retirees, argues the shift is even more alarming, since employees often chose to work for the telephone company because of its stability and security.

"We are trying to return retirees who were transferred against their will to an undernourished spinoff company from Verizon," said Bill Jones, president and executive director of the Association of BellTel Retirees and for many years a Long Island resident. "How would you have liked to work 30 or 40 years for a company, then retire and notice your pension checks are coming from some other place? Then it goes bankrupt."

Jones said employees lost Verizon phone

discounts, had life insurance cut and saw health insurance rise. But he said there could be bigger problems if SuperMedia is forced into bankruptcy.

Pensions would be insured up to \$54,000 annually by the Pension Benefit Guaranty Corp., itself nearly \$900 million in the hole.

"There are people who retired who have bigger pensions (than \$54,000 a year)," Jones said.

Bob Varettoni, a Verizon spokesman, said pensions have remained the same.

"Verizon's actions were consistent with the law and the benefit plan documents," Varettoni said of the decision to spin off the company and include worker pensions in that operation. "No benefits were taken from retirees."

The group argues Verizon is guilty of a breach of fiduciary duty for transferring pensions and benefits without workers' consent or representation, and failing to comply with pension plan rules.

"Verizon improperly transferred thousands of its pensioners to a company that didn't even exist when they retired," Jones said.

Verizon, however, says it complied with the plan's provisions and benefits remain safe.

SuperMedia generated \$438 million in operating revenue for the first quarter of 2011, up from \$154 million a year ago.

The firm earned \$30 million for the first quarter after a \$143 million loss in the year-ago period.

But advertising sales continue to plummet, falling 17.8 percent in the first quarter to \$398 million, after dropping 20.4 percent a year ago.

Meanwhile, Jones is concerned about other Verizon employees, if and when the firm spins off more operations.

"We believe this could happen to others. It's bad enough it happened to the Idearc people," he said. "I believe we have to draw a line in the sand here. We're not going to stand by and let this happen to people."

While Jones worries about a precedent, Ekas' concerns are more personal.

"I would like to be transferred back to Verizon for security and benefits," Ekas said. "After working all those years, I don't want to lose it all."