

# BELLTEL RETIREE



The Official Newsletter for Union and Management Retirees and Employees of Bell Atlantic, GTE, Idearc/SuperMedia, NYNEX, MCI, Verizon and its Subsidiaries. Paid for by contributions from Verizon and Idearc/SuperMedia retirees.

Summer 2013

54

Volume 66

## Retirees Win Proxy Again!

**53.2% Vote "Yes" on BellTel Proxy for 10th Corporate Governance Change Achieved by Association**

**O**n May 2 it was announced at the Verizon annual meeting that a majority of Verizon shareowners approved the retiree proxy to amend the company's bylaws and allow shareholders to nominate a limited number of directors for election to the Board.

The proxy, proposed by the Association of BellTel Retirees' President, says shareholders should be able to nominate a candidate for Verizon's board, so long as the shareholder (or a group of shareholders) owns 3% of Verizon common stock for a period of 3 years or more.

53.2% of shareowners voted in favor of the measure giving the non-profit retiree Association its 10<sup>th</sup> proxy victory in 15 years.

(Continued on page 6)



## Federal Court Says "Yes" to Verizon Retirees Pension Lawsuit

**I**n March, a U.S. District Court Judge in Dallas awarded 41,000 Verizon management retirees class certification in their litigation against Verizon for spinning off pensioners to Prudential Insurance Company. This certification by the court is a monumental first step for retirees.

Attorneys Curtis L. Kennedy and Robert E. Goodman, Jr., are representing the class of retirees in conjunction with the support of the Association of BellTel Retirees.

In October 2012, Verizon surprised 41,000 who retired prior to January 1, 2010 announcing that it had transferred their pensions to Prudential Insurance Company. The transaction ends the retirees' Pension Benefit Guaranty Corporation (PBGC) protections and gets around federal ERISA laws, thus placing retirement income at risk of creditors' claims, bankruptcy claims and ends all of retirees' federal pension protection rights they enjoyed since 1974.

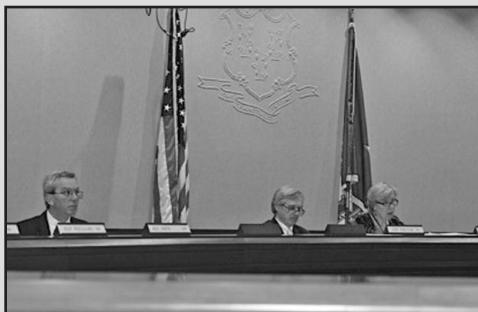
After the transfer, the on-going Verizon Pension Plan currently has approximately 6,000 plan participants not transferred to Prudential. The Association attorneys argued to the court that replacing retirees' pensions with non-ERISA protected insurance

(Continued on page 6)

## RETIREES ACHIEVE PENSION DE-RISKING LEGISLATION

**E**arlier this year, the Association of BellTel Retirees worked towards the establishment of legislation (HB 6148) in the state of Connecticut to protect retirees from discrimination in pension de-risking transactions. The bill's intent is to "provide equivalent protection, uniform disclosures, fiduciary standards and a mandatory opt-out option to retirees whose pension benefits are transferred from a pension plan protected under ERISA to a substitute pension benefit provider such as an insurance company licensed in the state."

In February, Association Members presented testimony in the Connecticut House of Representatives. Retirees John Bauman, Edward Chromczak, Gerry Basile, Madeline Pace, Joan Grove, Kevin



*The Connecticut House of Representatives hears testimony on de-risking.*



*Verizon Retiree Edward Chromczak testifies.*

Mooney, James Gereghtry and BellTel Executive Vice President Jack Cohen, the retirees' special counsel Edward Stone and Karen Friedman of the Pension Rights Center participated.

The retirees testified how they were blindsided by Verizon's decision to transfer 41,000 pensions to Prudential insurance annuities. The transfer of these assets eliminates the ERISA protections leaving them with low dollar limits on

insurance industry annuity guarantees. After the initial hearing, the group met with Gerald Fox the bill's sponsor and Rep. Peter A. Tercyak Co-Chair of the Labor and Public Employees Committee.

The bill has subsequently been met with opposition from the

Insurance Association of Connecticut. The Committee on Labor and Public Employees has recently commissioned a study on the effects of de-risking transactions. Mr. Stone has met with lobbyists from the Insurance Association and ING to discuss a compromise effort for the current legislative session.

A revised bill is under consideration and efforts are underway to promote de-risking legislation elsewhere.



## President's Message

by C. William Jones

## Addressing Verizon Shareholders

*The following is the speech Association President C. William Jones delivered at the 2013 Verizon annual shareholders' meeting in Tulsa, Oklahoma.*

Good Morning Mr. McAdam, Mr. Horton, members of the board and fellow shareholders. I am Bill Jones, President & Executive Director of the 128,000-member Association of BellTel Retirees Inc, representing over 230,000 former Verizon employees.

I retired from NYNEX in 1990 after 30 years of service. My position at the time of my retirement was Managing Director of Corporate Planning.

I am here to present my proxy proposal calling for the Board of Directors to include in proxy materials prepared for a shareholder meeting, at which directors will be elected, the Name, Disclosure and Supporting Statement of any person nominated for election to the Board by a shareholder, or group of shareholders, that meet the criteria outlined in the proposal.

The criteria includes the requirement that the Nominator must have beneficially owned 3% or more of Verizon's outstanding common stock continuously

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for at least three years before the nomination is submitted. It also limits the number of shareholder-nominated candidates to 20%.

We believe that long-term Verizon owners should have a meaningful voice in electing directors.

The need for enhanced accountability is compelling:

The board opposed shareholder resolutions in 2012 that proposed a 15% threshold to call a special meeting and the right to act by written consent by shareholders. Those reforms received large votes of 46.8 % and 43.2 % respectively.

Verizon's Performance Stock Unit program provides huge payouts for below median performance even if total shareholder return is negative!

We do commend the company for reducing payouts at the low end of the performance scale, but the awards are still granted for performance that would earn an F in high school.

Another concern is the precipitous drop in the value of the pension funds. The officers, who are the stewards of our pension funds, managed to lose nearly \$11 billion in 2008 – and ended the year with 34.9% less in assets than at the end of 2007. This caused the fund to become underfunded for the first time in our history. The news in 2012 is even worse. The funding status declined to a historic low of 68.3%, - an \$8.5 billion shortfall.

Verizon is attempting to buy out Vodafone for as much as \$100 billion to \$130 billion dollars! Yet they cannot

## OUR MISSION:

**The Association of BellTel Retirees Inc. is dedicated to promoting the protection and enhancement of the pensions and benefits for all retirees and beneficiaries of the companies and subsidiaries that make up the Verizon and Idearc/SuperMedia Corporations.**

The Association will convince the company to properly care for its thousands of dedicated former union and management employees.

The Association will conduct activities designed to educate elected federal, state and local representatives and promote the passage of legislation which will protect and guarantee, rather than invade our hard-earned pension and benefits fund.

come up with \$8.5 billion to fully fund the pension trusts!

AT&T recently announced that they were transferring a preferred equity interest in their wireless business valued at \$9.5 billion dollars into the pension trusts to improve the funding, while also giving them the financial flexibility to invest in their business and help the company to continue to provide competitive benefits. This interesting proposal is being reviewed by the Department of Labor.

While AT&T found ways to keep faith with the retirees who built the company, Verizon did the opposite! As the year 2012 was winding down, 41,000 management retirees were notified that they had been sold to Prudential Life Insurance Company. This practice is commonly referred to as "de-risking." What it really means is that the risk is transferred from the company to the retirees! That transaction cost Verizon \$8.5 billion dollars, one billion more than the amount required to fund those pensions and can be classified as a "cram down." There was no debate and no option for those retirees, such as a lump sum payment.

Those folks were stripped of the protections that are provided by ERISA and the Pension Benefit Guaranty Corporation. They now must rely on a state-by-state patch work of unfunded insurance guaranty associations that might provide as little as two years of a person's pension should a failure occur. Retirees' pensions are also now subject to garnishment by creditors and can be sold off by Prudential — in the future to some other less solid insurer!

This time last year the union contracts were being bargained. The company made demands that basically were – "take it or leave it." It took 16 months to come to an agreement on a contract. Only the threat of cancellation of healthcare benefits kept the workers on the job during that period.

We have another concern and that involves the spin-off of the directory operations to Idearc. People who worked for Verizon and its predecessor companies for 20, 30, or more years - many because of the security it provided - were transferred to this weak, undernourished

(Continued page 3)

## For Verizon Medicare Retirees Paying a Medicare Part D Surcharge

*This is an update to an article in our Spring 2013 newsletter.*

**A**s part of the 2013 Medicare benefits changes, Medicare beneficiaries with higher incomes will have an additional premium for their prescription drug plan. This is called Part D IRMAA (Income-Related Monthly Adjustment Amount).

Those being impacted received a letter from Social Security a few months back.

The Association of BellTel Retirees contacted Verizon HR and was informed that Verizon will reimburse retirees who are being charged this extra premium for Medicare D prescription drug plan.

To receive reimbursement, please mail or fax a copy of the Medicare Part D IRMAA letter you received from Social Security to Verizon Benefits center as proof of the additional premium.

Leave only the last four digits of your social security number on the letter, so benefits can identify you. No confirmation fax or letter will be sent to you. If you receive a monthly pension, you will receive this payment quarterly. If you are not receiving a monthly pension, you will receive one check in April following the



year you made the extra payments. NEW DOCUMENTATION must be sent in every year to continue to receive the reimbursement.

The fax number and address to send the IRMAA letter is:  
Verizon Benefits Center  
P.O. Box 8998  
Norfolk, VA 23501-8998  
FAX – 201-601-8709

If you wish to send the letter certified/return receipt, send it to: Verizon Benefits Center, 1434 Crossways Blvd. East Wing, Chesapeake, VA 23320.

Please note, this reimbursement will not impact all recipients of Medicare D.

## President's Message

(Continued from page 2)

spin-off that went bankrupt, emerged from Chapter 11 as SuperMedia, and now continues to falter.

The entire retirement security for those folks was put at risk with the stroke of a pen in 2006. They will lose healthcare benefits at the end of this year.

A class action suit is in the courts at this time that would force Verizon to return those retirees to the relative safety of the Verizon umbrella. That suit is financed by the Association of BellTel Retirees. We could not stand by and watch those people's lives unravel.

The Verizon employees signed on with this company with a promise that they would receive a compensation package that included the best pension and healthcare benefits available. We accepted lower pay in return for this promise – morally, if not legally, a social and business contract. We earned these benefits through years of service; they were not

gifts from a benevolent employer. Further, the company reaped many financial benefits over the years by deferring or avoiding these costs.

This sort of disregard for shareholder interests is particularly tough on retirees of Verizon, who are shareholders and, who have not seen a cost of living increase in over 20 years while the buying power of their pensions dipped by as much as 70% of what they were at retirement. Many retirees are concerned about having to pay more each year for healthcare benefits.

Meanwhile, the top officers are being rewarded with multi-million dollar stock pay-outs for below mediocre performance.

It is for all of these reasons that Verizon needs to have some board members

selected and elected by shareholders, including the 72% of retirees who own Verizon shares.

We are not the only people who believe that this change is necessary. Virtually all of the proxy voting services (including the largest firm, ISS) agree that this proposal should be supported by shareholders.

We urge all shareholders to vote "FOR" this proposal asking the Board to allow major, long-term Verizon shareholders to nominate prospective board candidates and to have these candidate's qualifications in the proxy materials and their names on the official ballot.

We also recommend strongly that shareholders vote NO on the Advisory Vote on Executive Compensation.

Thank you.

Morgan Stanley

### Robert F. Manning

Executive Director  
Financial Advisor

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# 300 Join BellTel Annual Meeting in Annapolis

**M**ore than 300 retirees from across 15 different states traveled to Annapolis, Maryland to take part in the 17<sup>th</sup> annual Association of BellTel Retirees membership meeting. The gathering proved to be one of the most geographically diverse yet.

The evening before the big event, dozens of members and their spouses, who were among the 74 guest rooms booked for the event, met for cocktails.

The following morning hundreds enjoyed a continental breakfast, met former colleagues and their spouses and chatted with members of the Association's board. It is interesting to point out that for the past five years, the Association has had a greater attendance at their annual meetings than Verizon has had at their annual shareowners' meeting.

Association Chairman Jack Brennan and Executive Vice President Jack Cohen kicked off the meeting with opening remarks and thanked everyone for attending this year's meeting and for supporting the Association. Treasurer Robert Gaglione then gave a detailed financial report (see page 10).

Next the Association President Bill Jones addressed the crowd discussing the three 2013 proxy proposals put forth by retirees this year. Mr. Jones told an impressed crowd that the Association prides itself as having an unmatched



*Association member addresses fellow retirees.*



*Over 300 retirees gather in Annapolis.*

proxy success record and that no other group has been able to dispute the Association's claim.

Mr. Jones thanked the attendees and recognized two special couples who have attended nearly every Association annual member meeting, George & Dorothy Redington and Willy and Karin Goedeke, all from New Jersey.

Mr. Jones then turned the microphone over to Curtis Kennedy, the Association's attorney, who discussed ongoing federal litigation regarding the spin-off of 41,000 management retirees to Prudential annuities and the federal lawsuit filed on behalf of Verizon directory operations retirees who were involuntarily spun-off to Idearc/SuperMedia after retirement, who are facing healthcare cuts from SuperMedia.

The meeting included a lively question and answer session, where members



*Special Counsel Edward Stone addresses the members' questions on annuities and insurance industry guaranty associations.*

addressed concerns about the sickness/death benefit, retirees who were moved to Idearc/SuperMedia, specifics of the ERISA law, a better explanation of what guaranty associations protections come with annuities and the pension spin-off to Prudential. As one retiree said, "they took the choice away from me and I would like to get that back."

Association special counsel Edward Stone got up to address specific questions related to the Prudential annuity plan, how guaranty associations work and why they are not equal to ERISA or PBGC protections.

The Association would like to thank all the retirees that came out to this year's annual member meeting and all of the members of the event committee, especially lead organizer Jack Cohen for making the event a huge success and to Mr. Kennedy for delivering an informative speech.

photo credit Dave Simmonds

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## Association Attorney Addresses Retirees Legal Challenges

Retiree legal counsel Curtis Kennedy served as keynote speaker at the 2013 Association of Bell-Tel Retirees' Annual Member Meeting in Annapolis, before a crowd of 300 retirees and their spouses. The well-respected legal pit bull, known for guarding retiree economic protections started his talk by reciting the old Ma Bell Creed, "We will change whatever we must to prosper and serve well, as we always have, but not at the expense of our employees and retirees."

"For thirty years I have been dealing with this predicament. When Ma Bell died, a mean and greedy step father took over, and everyone has suffered the consequences," he said to explain the predicament facing current Verizon retirees.

He stressed the importance of the Employee Retirement Income Security Act (ERISA) and how it "governs all your rights." Mr. Kennedy said that when the government passed ERISA in the early 1970s, they were trying to protect "the paycheck you get out of the pension plan each month, dollars and cents," not intending to protect your healthcare, disability and life insurance.

Kennedy discussed how Ford Motor company offered its employees a lump sum pension cashout option when moving to an annuity and how General Motors did the same in 2012, before they too transferred their pension obligations over to a Prudential annuity plan. Verizon, he noted however, just simply spun-off their pension obligations to Prudential giving retirees no choice or voice in the process.

"I think you should have had a choice," he said of the transfer, soliciting a loud applause and reaction from the packed room of 300 retirees in attendance.

Kennedy said there were problems not having ERISA protected pension plans, because under the law, protected pensions cannot be legally touched by creditors, or impacted by bankruptcy, whereas annuities could be.

Once your pensions are transferred into annuities there is no longer uniform protection under the ERISA grid and the Pension Benefits Guaranty Corporation



photo credit Dave Simmonds

*BellTel Special Legal Counsel Curtis Kennedy (left) served as keynote speaker.*

(PBG) protection he advised. "Even though the PBGC has a deficit, it has never had to borrow money to meet obligations from pension plans declared insolvent."

He told the crowd that when the pensions were transferred and if Prudential were to suffer a shortfall, it would be managed by an insurance industry led guaranty association and that all states have different guaranty limits (see story page 1). If you and your spouse were to move prior or during retirement, that new location would determine your level of protection.

Meeting attendees were also given a briefing on Idearc/SuperMedia retirees' federal litigation, as Mr. Kennedy said he, "wondered if Verizon did the transfer to Prudential because they knew they were on the hook for the Idearc screw up... there are billions of dollars at stake on that case."

He then told a story that dropped the

jaws of many at the gathering. Last year after SuperMedia alerted retirees of pending earned benefit cuts, it gave them the opportunity to voice their opposition.

The company retaliated against those who protested SuperMedia's decision to cut their benefits by suing them. "It's one of the dirtiest tricks, I have ever seen," Mr. Kennedy said. "Knowing that they were going to sue a retiree...just because you were sticking up for your rights." The Association of BellTel Retirees and their attorneys jumped into action with the court right away to fight back and advocate for those fellow retirees that Verizon spun-off.

"Unfortunately, the truth of the matter is that they can do this because of the snake in the grass clause (reservation of rights clause)," he said. The matter is now in the courts as well.

He noted that all retiree related court filings could be found on the Association's website.

Mr. Kennedy mentioned that he hopes that Verizon's unions are paying attention to what is happening to retirees across the spectrum over recent years so that in any future collective bargaining agreement they can take action to assure people cannot be transferred from ERISA protected pension plans to annuities.

The presentation that Mr. Kennedy provided for each litigation case was strongly received by retirees and followed by a spirited Q&A session where retirees were able to address their inquiries about the various cases Mr. Kennedy provides updates for.

### TALK TO A RETIRED VERIZON MANAGER ABOUT YOUR RETIREMENT SAVINGS AND INCOME STRATEGIES.



**Jim Biggins is a retired Verizon Manager with a Masters Degree in Personal Financial Planning from Bentley College.**

Please call Jim at **781-373-4492** or email: [James.Biggins@IFPadvisor.com](mailto:James.Biggins@IFPadvisor.com) for a consultation and/or a Financial Second Opinion™ on your existing strategy.

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CRN 201207-2070202.

# Retirees Win Proxy

(Continued from page 1)

C. William Jones, president of the Association of BellTel Retirees who spoke at the Annual Meeting attended by Verizon's chairman, board of directors and in total some 200 shareowners and staff said, "This bylaw will lead to enhanced accountability and allow long-term Verizon shareowners to finally have a true voice in electing directors that are not solely hand-picked by Verizon management. The retirees of Verizon have a

significant long-term vested interest in the company — 72% of us are shareowners and 90% are customers — and we want it to do well."

## Second Proxy Win in 2013:

The retirees' also had a second proxy victory this year. After the retirees filed their Performance Stock Unit Payout (PSU) proposal, Verizon's board of directors approved a reduction in the amount of PSU payouts senior executives can earn for below-average stock returns, so that it became more closely aligned with the retirees' proposal. This is disclosed within Verizon's annual proxy filing statement.

Mr. Jones continued, "The BellTel Retirees have demonstrated over and over again that a group of small but very engaged shareholders can reshape the compensation and corporate governance policies of a Fortune 15 industry giant in a manner that benefits all company owners."

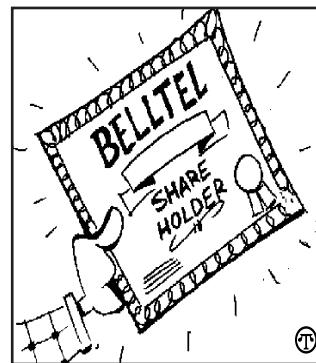
The 128,000-member Association has proposed a series of successful corporate governance and executive compensation changes over the last 15 years, first when the company was NYNEX, then Bell

Atlantic and now Verizon.

Jack Cohen the Association's Executive Vice President, who also addressed the company's board and shareowners at the annual member meeting, compared the success of the Association against others saying, "there is no other group in America that has achieved the level of success that our Association of BellTel Retirees has. This organization is not about speech giving and day-dreaming of change, but rather about creating results via highly effective advocacy strategies and the hard work of many dedicated volunteers and the Association's staff, making things happen year-after-year."

The retiree group has now achieved an unprecedented ten-victories, three by a majority vote (2003 Executive Severance- 59% affirming; 2007 Say on Pay - with 50.18% Yes and 2013's Proxy Access with 53.2%) and seven others the company and its successor boards negotiated off the proxy ballot.

Jack Brennan the Chairman of the Association said, "This Association's board members donate over 10,000 hours each and every year towards the protection of our fellow Verizon retiree and spouses' pensions and economic benefits and



UNITED, TO PROTECT OUR FUTURE

Published by: Association of BellTel Retirees Inc.

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A 501 C3 IRS tax-exempt corporation  
Circulation Exceeds 128,000

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## Federal Court Says "Yes" to Verizon Retirees

(Continued from page 1)

annuities, thus strips participants of the protections of federal law and causes irreparable harm.

The case is being closely watched by the employee benefits industry as a case of first impression, as no other major American corporation has transferred already retired persons from an ERISA-protected and PBGC guaranteed pension plan into a group insurance annuity while keeping the pension plan on-going for others.

According to BellTel attorney Curtis Kennedy, literally thousands of corporations across the nation are watching and awaiting the outcome of the case

which he says is expected to impact, "the management of trillions of dollars in ERISA protected pension assets, clarifying plan sponsor and plan fiduciary obligations, and underscoring the rights of plan participants."

The retirees' claim also contends Verizon improperly used plan assets to pay excessive costs and expenses for the transaction that Verizon should have paid with operating revenues, not pension plan monies.

Association of BellTel Retirees, President C. William Jones said, "This discriminatory asset transfer diminishes 41,000 retirees' pensions by extracting not

# Again!

achieving big wins such as this against Verizon, a Fortune 15 Company, is not only remarkable but demonstrates that our efforts on behalf of retirees and all shareholders are very visibly impactful. I firmly believe that if the Association did not exist and were not so dogged in pursuing our strategies to advocate via the proxy, via litigation, via direct communication with



*President Bill Jones speaks at a rally before the 2008 shareholders' meeting.*

the company and also via legislative channels that all Verizon retirees would be a lot worse off today than they are. It's why support of the Association of BellTel Retirees is so critical and it's why I, and my wife have devoted so many years of our retirement to this important cause."

## Pension Lawsuit

only ERISA and PBGC protections, but has given retirees no choice or voice in the oversight of the pensions they labored a lifetime to fund. We are pleased the court has acknowledged both the legal standing and the critical national economic importance of this case."

Under the current national annuity guaranty process, should Prudential or a successor experience a default or asset shortfall, the previous PBGC protections would be replaced by insurance industry controlled state guaranty associations, many of which are underfunded. Few understand that annuities are backed only by insufficient and varying coverage limits

## What are BellTel Retirees' 10 Proxy Victories?

- ◆ 2013 Proxy Access proposal - Says shareholders should be able to nominate a candidate for Verizon's board, so long as the shareholder (or a group of shareholders) own 3% of Verizon common stock for a period of 3 years or more. 53.2% of shareowners voted in favor;
- ◆ 2013 Verizon Performance Stock Unit Payout (PSU) proposal - Earlier in 2013 the board agreed to partially adopt the retiree proposal tightening standards for awarding PSU's to senior executives when Verizon's performance is below the median compared to its Dow Jones peer index;
- ◆ 2007 "Say on Pay" Advisory Vote on Executive Compensation- Retirees win with 50.18% of the vote, effective for 2009;
- ◆ 2007 Corporate Governance Guidelines -The Board partially adopted a retiree proxy limiting the number of boards a Verizon director can serve on. A director who is an executive officer of a public company is limited to three public company boards; other directors are limited to six company boards;
- ◆ 2006 Performance Based Equity Compensation - Retiree proxy asked that at least 75% of future senior executive equity compensation be performance-based. Prior to the meeting, the company changed its compensation policy to 100% performance based equity;
- ◆ 2005 Supplemental Executive Retirement Plan (SERP) - The Verizon board agreed to rein in senior executive SERP. Previous SERP contributions were 32% of combined salary plus bonus for every dollar above \$210,000 of salary. The old SERP was frozen and the new contribution level reduced from 32% down to the rank-and-file level of 4% to 7%;
- ◆ 2005 Board Composition - Revised guidelines to reduce the Verizon board headcount from 21 to 12 or fewer members. Further, over time Verizon agreed to align the board to meet the Association's proxy definition of an "independent" board;
- ◆ 2004 Binding Executive Severance - Following the board's failure to implement the 2003 proxy mandated by shareholders, the Association proposed a new binding proxy causing the Verizon board to agree to adopt the requirement of a shareholder vote to approve large new severance packages;
- ◆ 2003 Exclude Pension Credits (Phantom Earnings) from Calculation of Executive Compensation- Verizon's board agreed to stop using shadow profits to enhance senior executive bonuses after retirees receive over 40% of the vote in previous year balloting;
- ◆ 2003 Executive Severance – Retirees receive 59% yes vote. The change limits overly generous golden parachutes and requires shareholder approval for packages over the limit. It is the first time an outsider proxy opposed by the company board wins at a former Bell System company.

– generally determined by state of residence at the time of impairment – from \$100,000 - \$500,000 (lifetime per person cap).

Eight states and one territory – AK, AZ, IN, MA, MS, MO, NH, NV and Puerto Rico — limit coverage for annuity holders in case of a default or shortfall to a lifetime maximum of \$100,000.

28 others states go up to \$250,000 lifetime coverage (Full List includes: CA, CO, DE, HI, ID, IL, IA, KS, KY, LA, ME, MD, MI, MN, MT, NE, NM, ND, OH, RI, SD, TN, TX, UT, VT, VA, WV, WY);

10 states and the District of Columbia offer coverage of up to \$300,000 (AL, AR, FL, GA, NC, OK, OR, PA, SC, WI);

Just four states NY, NJ, CT, and WA offer coverage of up to \$500,000.

board agreed to rein in senior executive SERP. Previous SERP contributions were 32% of combined salary plus bonus for every dollar above \$210,000 of salary. The old SERP was frozen and the new contribution level reduced from 32% down to the rank-and-file level of 4% to 7%;

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"Our Association is jumping out to stop this locomotive that is rushing down the tracks. This action is critical because it represents the economic future of our retirees hard earned pension assets. All retirees and their families must engage themselves in supporting this effort. Your Association of BellTel Retirees has taken up the fight for the protection of each and every Verizon retiree and not just the 41,000. Many have asked whose pension will be next to go? We are concerned about that too and that is why we are taking an aggressive stand today," said Mr. Jones.

Please support the Association today with a contribution to enable our fight to continue.

## SPOTLIGHT: Verizon Retiree & Union Official Continues to Guide, Give Back

**R**ich Spieler is a man who enjoys the thrill of working hard for a win. His passion during his career at New Jersey Bell has continued into retirement from Verizon.

Mr. Spieler, now 60, retired from Verizon in July 2010 after a 39-year career, but has remained very active. He serves as the Business-Agent-At-Large for IBEW Local 827 in NJ, a position he has held since April 2004. Mr. Spieler was very recently re-elected, running unopposed in March 2013, thus asked by his membership to serve in the position for the coming three years.

While still at the company, Mr. Spieler was always very active in supporting his union, he served as Chief Steward for 10 years beginning in 1994 before becoming the Business-Agent-At-Large. He also has served as president of the Burlington County Central Labor Council for the last four years and has been active with the Council for the past 15 years.

"I get the most fulfillment in representing members and being victorious for them. Anything you win, you feel good about, especially when it could be a situation where an honest, hardworking employee may have been unjustly terminated," he said.

Mr. Spieler is a Philadelphia native who moved to Pennsauken, NJ at nine years old where he still lives today with his wife of 41 years.

After graduating high school, Mr.



*Rich Spieler, Retiree and Business-Agent-At-Large, Local 827.*

Spieler found himself doing what most 18 year olds do, looking for a career. His sister was a drafter for New Jersey Bell and enjoyed the company. She pushed him to take the test and he was hired on June 9, 1971.

He began working as an Installer and Repair Man with NJ Bell. After four years, he became a frame attendant, ten years later, a Network Technician.

"I was there a long time and had a lot of good experiences," he reflected. "It was fun, I worked with nice people, and have good memories." He was extremely honored and proud that his son Ricky followed in his footsteps and has since worked 20 years for the company.

Mr. Spieler has always been dedicated to supporting the needs of retirees and advocating for the members of his union

to achieve the best working environment possible. During an August 2011 speech he told his members: "They want to attack everything in the contract we have fought 50 years to achieve ... This is our contract, that we worked hard for, and we are not giving it up to a company making billions of dollars."

Mr. Spieler has been involved and engaged with the Association of Bell Tel Retirees for several years. He was inspired to get involved by the influence of long time Local 827 member and retiree board leader Mike McFadden and Gene Lista. "I saw merit in what they do," he said.

Mr. Spieler is most impressed with the growth he has seen in the Association. "The Association started with six members. We are now at 128,000. I would have never envisioned that. 128,000 members is a strong voice to advocate, we can make a lot of noise," he said.

Though he spent a lot of his career fighting the company on behalf of his members, Mr. Spieler recognized management retirees as vital allies and friends in retirement. He is passionate about the belief that union and management retirees can't go separate ways and need to work together to fight for retiree rights.

"We need to join together for this collective battle. We can be a bigger voice if we work to fight this big battle together. We have common goals, like saving our health care and pensions. We need to put down the swords and guns of our past battles and work together. It's only when we do that, will we have great success in advocating for our benefits," he said.

Mr. Spieler maintains an active role in the Association of BellTel Retirees by communicating with retirees and active members via emails. He keeps them updated with news, new information, meeting notes, and other vital information. Even his Facebook page is full of articles on employee issues.

"The heat has been turned up to a whole new high. We have to fight more arbitration than ever. This is a David and Goliath battle. But winning and beating a giant feels great."

Mr. Spieler we could not agree with you more, and thank you for your continuing efforts.

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# Retiree Video Channel Quickly Surpasses 45,000 Views

A little over a year ago, your Association of BellTel Retirees launched a retiree video channel on YouTube.com to create a new method to distribute video content to fellow Verizon retirees, future retirees and others online. The results have been very positive.

With the increasing amount of news information and content being digested online, our videos are seeking to reach a broader audience who turn to the internet for news coverage and information. If you have a smart phone, it is like having these videos in your pocket and at your fingertips 24/7 and thus you can share them with others.

The most recent retiree video series launched in March 2013 was the "Retiree Chronicles: Happy Memories, Uncertain Futures." Over two dozen retirees told their stories and views of retirement in their own words. Currently, the Association is featuring different retiree interviews each week to spotlight different members' points of views. As social media, smart phones and other technological advancements have



*Dozens of retirees participated in the Retiree Chronicles Video Series.*

become more popular, it has made it easier for the Association to connect to web users.

For instance, when Retiree Chronicles was first launched in late March, in the first two days alone, the series attracted

over 10,000 views. The Association broadcast highlights of its 2012 annual member meeting online, and two videos attracted over 5,000 views.

"Our Association has always worked hard to find new methods to outreach to current and future retirees. Each new method provides the opportunity to reach others not yet aware of our advocacy efforts. It is something we hope to continue," said C. William Jones, Association president.

We urge those of you who have not checked out our great retiree video series to do so. You may just see some of the faces and people you spent your Bell System career with. "Subscribe" to the channel, it's free, so you can be notified when a new video is uploaded, "Like" the videos and "Share" them so others in your circle of friends can also see them.

At last count, the Association's YouTube channel had more than 45,000 views. You can find the videos at

<http://www.youtube.com/user/BellTelRetirees>

## VERIZON SUED BY CREDITORS OVER SUPERMEDIA'S DEBT

Verizon Communications Inc. is in the process of being sued for a second time by U.S. Bank creditors for \$2.85 billion in debts the company piled onto Idearc, now SuperMedia, burdening the spin-off company with so much debt it was destined to fail, according to the litigation.

U.S. Bank, claims that Verizon planned to make a \$9.5 billion profit through the spin-off, but left Idearc destined to collapse. Idearc filed for bankruptcy almost two and a half years after the spin-off and was reorganized as SuperMedia.

Included in the spin-off were thousands of Verizon Directory Operations

retirees whose pensions and benefits were exiled to the new company.

"Because Verizon never properly incorporated Idearc (for which it acted as promoter in arranging the indebtedness and was a direct beneficiary thereof) Verizon is liable for the indebtedness at this time," U.S. Bank said in a court filing.

Court papers also claim that Verizon Vice President of Finance and CFO

Andrew Coticchio "signed the indenture agreement and created the indebtedness without the authority to do so on behalf of Idearc. He acted at the instruction of Verizon." Because of this, they are also holding him liable for the debt.

This litigation was among the hot topics retirees discussed at the 2013 BellTel member meeting in Annapolis.



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# 2012 FINANCIAL REPORT

**A**n overview of our 2012 year-end financial data was presented to the membership at our seventeenth annual meeting of the Association in Annapolis, MD on April 19th.

Processing and tracking our finances requires detailed and accurate input by our office staff and our accountant. In addition, the staff tracks contributions by type (cash, check, credit card, online). All data is reviewed under the IRS requirement for an annual external audit. Our accounting system allows for detailed tracking and is the basis for our tax filing with the IRS and states. Quarterly financial reports by account are provided to the board for close budget tracking. Our latest audit will take four to five days, and will be completed in June 2013.

The Association is grateful to our office staff for their constant attention to detail, insuring accuracy and gathering the required documentation. At the same time, they fulfill the single most important role in the Association of BellTel Retirees: being our personal connection to you. We receive hundreds of calls and letters from members thanking us for the assistance. 2012 was an exceptionally busy year because of the changes in benefits administration by Verizon, and their transfer of our management pensions to Prudential. We will continue to be as much help as possible to our members in the future.

## 2011

As required by the New York State Attorney General's Charities Bureau, BDO Seidman, LLP conducted a 7 day on-premise audit of our 2011 financial statements. The audit was presented to the Board of Directors and approved by them on June 26, 2012.

The auditors found that our financial statements *"present fairly, in all material respects, the financial position of the Association of BellTel Retirees Inc. at December 31, 2011.* The audit's statement of financial position as of December 31, 2011 reflected total assets of \$430,255. A copy has been filed with the New York State Attorney General.

## 2012

The following are brief highlights of our financial transactions for fiscal year 2012.

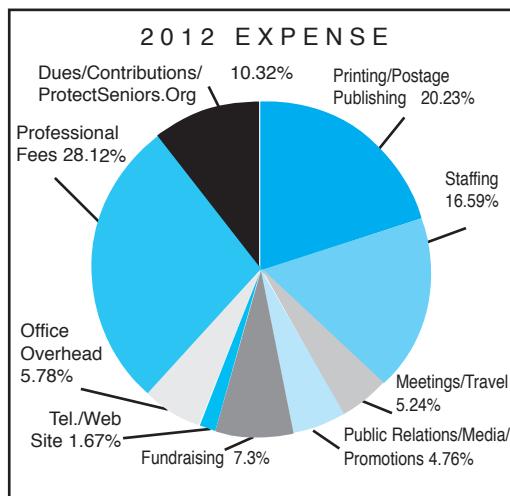
### REVENUE

Our total income for 2012 was \$963,995, an overall increase of 22% for the year.

Contributions represented 98% of revenue, and individual donations averaged \$30.85.

### EXPENSE

Total operating expense for the year (pre-audit) was \$990,273, an overall increase of 18% compared to 2011.



Professional fees include legal, accounting and temporary consulting services and account for 28% of overall expense. This category increased year to year by \$83,064, all of which is attributable to our class action lawsuit against Verizon and Idearc (SuperMedia), and our initial legal action responding to the transfer of 41,000 Verizon management pensions to Prudential.

Publication and distribution of our newsletter, including printing, postage and PR/media costs, increased 6% in 2012. To help keep printing/postage costs down, we continue to purge our mailing list of the names of individuals who have failed to maintain contact with us.

The Association's media communications effort provides us a taller stage and brighter spotlight for the retiree concerns we advocate for. With a record as one of the most successful groups bringing attention to the plight

of retirees, we have drawn critical attention for the Verizon shareholder proxy victories, the annual member meetings, pension spin-off fight/litigation, SuperMedia Retirees litigation as well as the need for retiree health benefit protections and more.

Maintaining a visible presence in key online, broadcast and print articles, the Association's efforts make headlines in the news outlets America frequents including *USA Today*, *New York Times*, *Wall Street Journal*, *Crain's New York Business*, *Bloomberg Business News*, *Newark Star Ledger*, *Associated Press*, *Albany Times Union*, *Pittsburgh Post Gazette*, *A.M. Best*, *New York Post* and more. News coverage in the past year has resulted in coverage in well over 100 news outlets.

The Association has continued to create a series of online videos that can be found on BellTel's YouTube channel, and has attracted much online attention. The most recent video series "Retiree Chronicles: Happy Memories, Uncertain Futures" attracted over 10,000 views in the first two days alone. At press time, the BellTel channel has had more than 45,000 views.

Staffing costs include wages, payroll taxes, contract and temporary help represent 16.6% of our total expense. Wage expense is offset by close to 10,000 unpaid volunteer hours of work by your board each year.

Our lobbying allocation to ProtectSeniors.Org remained at last year's level. They continue in the pursuit of a legislation guarantee to protect against loss of our earned healthcare subsidy from Verizon and oversight of Medicare and Social Security issues. 2013 will be a critical year as seniors become a target to balance the budget, and the Affordable Care Act begins to take effect. Your continued grassroots and financial support are important to our efforts to protect and inform seniors (*see www.protectseniors.org*).

The Association ended 2012 with pre-audit total cash assets of \$419,772.

Thank you.  
Eileen Lawrence  
Chief Financial Officer

## Streamlining the Donation Process

You probably have noticed that you are receiving a white donation card with every mailing from the Association. Some of you have asked WHY?

A few years ago we mechanized the way we process donations by using a bank lockbox – where your check goes directly to our bank for processing. This has saved time, money, and also assures more accuracy in updating our records.

The process works well since the card we mail you has your member number on the bottom of the card, which is scanned along with your check. Your donation is processed immediately by the bank. The same day they provide us with a mechanized file for us to update your record.

If our members have any questions regarding their donation we can immediately look up this information and retrieve a copy of the check and donation card. As a non-profit we are also subject to a yearly external audit and are required to follow IRS rules regarding records retention. This process has enabled us to address both of those requirements.

Since many of our members choose to donate more than once a year, we mail out a card with every mailing.

You will notice that above your name, we print the date of your last donation and your current email address. If there is no email address printed or if the address is incorrect you can send us an update by emailing us at [association@belltelretirees.org](mailto:association@belltelretirees.org). We keep all your information confidential.

If you have already made a donation for this year, THANK YOU. If you haven't had a chance to donate this year or wish to give a second donation, PLEASE HELP US by using the enclosed donation card.

Thank you.



### ASSOCIATION OF BELLTEL RETIREES INC. P.O. Box 61, Glen Head, NY 11545-0061

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You can also donate online by going to our web-site [www.belltelretirees.org](http://www.belltelretirees.org) and click on DONATE NOW button.  
Consider a recurring donation—which is an easy and safe way to budget your contribution.

I am interested in learning more about Planned Giving. Please contact me.

The Association of BellTel Retirees Inc. is a 501(c)3 tax-exempt organization representing retirees and active employees of Verizon, its subsidiaries and retirees who were transferred to Idearc/SuperMedia.

## Help Us Achieve Critical \$1 Million Fundraising Goal

As this report is written, we are tracking the results of our 2013 annual fundraising effort, kicked off in January. For the first time in our history, we have set a goal of \$1 million in contributions. We are thankful to you that we came close to that in 2012, and we feel confident that our loyal membership will help us meet this year's goal. As of April 25th, we have reached \$509,534. This is great! We have estimated expenses of \$1.1M in the face of federal litigations related to the spin-off of 41,000 management pensions and litigation related to SuperMedia retirees, formerly a Verizon division. We need to reach and surpass that \$1M goal in contributions as soon as possible.

Please help us with a contribution today! We need support from 100% of our members as we continue the pursuit of our important legal issues.

Your contribution is vital to our ability to continue publishing the newsletter, to attend and be a strong voice at Verizon's shareowner meetings, and to actively support legislation protecting your earned healthcare benefits.

We will continue to keep you informed on the latest issues important to you. If there is something you'd like to see in your newsletter, please let us know. Together with ProtectSeniors.Org, we are the only organizations fighting for the needs of Verizon and Idearc retirees. Please support our work and spread the word to friends and family.

Thank you.

## RETIREE NEWS AND NOTES

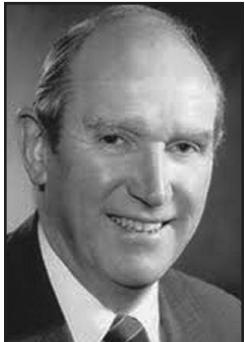
### **Former Bell Labs President Dies**

Dr. Ian Ross, former president of Bell Labs, died in March from pneumonia. He was 85.

Dr. Ross joined Bell Labs in 1952 after being invited by Nobel Prize winner William Shockley to assist his team to advance the transistor. During a 2009 interview, Dr. Ross commented that he had not planned to stay at Bell Labs for more than a year, but he found the intellectual buzz "exhilarating."

Dr. Ross served as President of Bell Labs from 1979 until 1991. Dr. Ross may best be remembered for leading the successful reorganization of Bell Labs following the breakup of the Bell System by the U.S. Justice Department in 1984.

According to his *New York Times* obituary, Dr. Ross preached urgency and "nudged his army of scientists to align their sometimes spectacularly esoteric schemes and dreams with market needs, going so far as to dispatch some of them to accompany AT&T sales employees on their rounds." He was also famous for



*Dr. Ian Ross*

allowing 10% of scientists under "pure research" to work freely without giving them specific instructions.

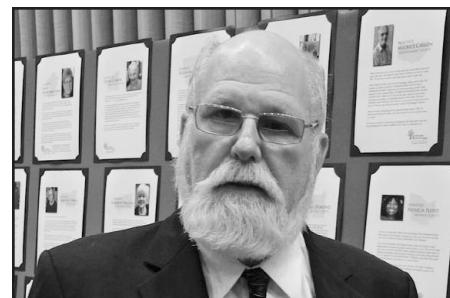
Dr. Ross belonged to the National Academy of Engineering, the National Academy of Sciences and the Royal Academy of Engineering, and won many industry and professional awards.

\* \* \*

### **Hyland "Senior" of the Year**

**N**YNEX Retiree and Association of BellTel Retirees Board Member, John Hyland, has been named Senior of the Year by the Putnam County (N.Y.) Senior Citizens' Advisory Board.

This year's theme was "Unleash the Power of Age: Recognizing Older New Yorkers Who Demonstrate the Power of Making a Difference through Civil Engagement."



*John Hyland*

"It is a great honor to be chosen out of the entire senior citizen population in Putnam County," says Mr. Hyland. "I encourage my fellow seniors to get involved and not sit on the side lines, letting life go by, doing nothing is not the answer."

He was honored at the Empire State Building in Albany, NY on May 7 and in Putnam County on May 13.

### **RETIREES MEET IN NEW JERSEY**



photo credit Dennis Z

*Mike McFadden, one of our active retiree leaders had a gathering of IBEW Local 827 retirees at Peters' Diner in Williamstown, NJ to keep them up-to-date on the latest work of the Association of BellTel Retirees and ProtectSeniors.Org.*

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