Since last spring, you have been hearing – both in this newsletter and in the media – about Congress’ attempts to “fix” the Medicare problem, “solve” the issue of the re-importation of prescription medication, and other healthcare and pension issues.

There are currently many bills on the floor of the House and/or Senate that will have a direct impact on retirees, with all sides saying they are doing it for retirees’ own best interest. It is hard to differentiate between the truth and “spin,” so these bills are outlined below with your Association’s position on each issue:

The Association is FOR:

Emergency Retiree Health Benefits Protection Act (H.R.1322)

This bill will close a loophole in ERISA that concerns health plans. It will prevent corporations from taking away promised health care benefits from retirees and would order the return of health benefits already taken away. This will force companies to make good on their promises – promises that were made when health benefits were made part of employees’ compensation packages. We worked for those benefits and earned them just as though we paid for them out of our own pockets.

The Association is AGAINST:

Medicare Prescription Drug Plan (H.R.1/S.1)

There are many serious negative consequences with these bills in their present state. One of the major consequences involves the lack of protections or incentives for companies to continue their own plans after the Medicare Drug Plan goes into effect. Some large companies have already stated they will terminate their coverage when the Medicare plan goes into effect.

This doesn’t seem to pose a problem if you assume that the Medicare Drug Plans are good. The fact is that our company-sponsored plans are far superior to the Medicare plan.

The Pension Preservation and Savings Expansion Act (Portman-Cardin Bill H.R.1776)

This really sounds good, doesn’t it? But it might better be referred to as the “Trojan Horse Act.” This initiative has the effect of reducing the corporate funding requirements of our defined pension plans. Verizon – and its predecessors – have not made substantial contributions to pension plans in almost 17 years. In the past two years, since the surplus funds in those pension plans have withered away almost completely, now is not the time to relax the rules requiring proper funding of our pension benefits.

While there are some good provisions in the bill – including upping the amount employees are able to put in 401(k) plans from $2,000 to $15,000, thus encouraging more savings – there are more anti-retiree and anti-worker provisions. Some of these include allowing employers to pay out smaller pension lump sums beginning in 2006, contribute less money to union pension plans, make it easier to establish better pension plans for “specially” favored employees (the ones at the top) and exempt stock options from payroll taxes. One provision will even undermine 401(k) plans – under a heading of providing better health coverage – by allowing employees to access these plans to cover medical expenses.

Retirees at a recent rally to show their displeasure with the current healthcare situation and the many bills that may affect their benefits.

Association to Conduct Pension Audit

Starting in 1996, small teams of Association officers performed reviews of the retiree pension funds that are managed by the company. While this action by our volunteers was significant, we thought it best at this time to turn to experts in the field to help us with this effort and the interpretation of the findings.

The Association of BellTel Retirees has engaged an actuarial firm with experience in performing audits and reviews of underlying assumptions, investments and the administrative expenses charged to the funds.

This decision to conduct an audit should not in any way be seen as a concern about the solvency of our own pension funds. However, we believe that, given all of the media attention on pension fund abuses by other corporations, it is a prudent step to assure the security of the pension funds we worked a lifetime to earn.
These are electrifying times for retirees! But I’m not talking about sinking a birdie putt on the 18th hole or spending time fishing, sailing or playing with your grand children.

I’m talking about the news you read almost every day in your favorite newspaper about how the government is “here to help you” with a new prescription drug plan. There is more “good” news about how corporations are being helped to reduce their pension funding requirements through legislation. Yet, at the same time, we hear about retirees losing benefits that they worked a lifetime to secure. We hear about troubles for the Pension Benefit Guarantee Trust. News about the assaults on retirees’ financial security is frequently cloaked. The fact is there is very little good news for us in the media once you understand what is really behind the curtain.

However, I look at things a little differently. I am thankful that a handful of people they working hard to obtain. Let’s not lose what we earned financial security that we worked long and hard to obtain. Let’s not lose what we earned by being timid or complacent.

President’s Message
by C. William Jones

In order to increase our power, we must increase our membership. More members means more financial strength and more voices. Recruiting is every member’s job. At the same time, we must encourage retirees from other industries to organize and join the movement. We will also provide detailed information to help you to be more effective in your contacts with your representatives in Washington.

We all must treat our Representatives with respect, but we also must be persistent and firm when delivering the message. I was speaking with an Association member who complained, “I wrote my Congressman three years ago and I haven’t received a response.” Three years ago! We can’t just write a letter, make a call or send an e-mail to a Representative and sit back for three years. I would give it three weeks, and if I didn’t get a response, I would be on the phone demanding a response.

The same thing is true when you receive a “non-response.” We can’t leave it there. We must follow up, let them know that this is very important to millions of seniors and if we cannot get the cooperation of our current Representative, we will vote in someone who will cooperate. Remember, corporate America has the money to hire very effective lobbyists who work the halls of Congress every day. However, we seniors have the votes and with millions of us doing our job and telling our story we can and will promote the change that is critical to assuring the financial security that we worked long and hard to obtain. Let’s not lose what we earned by being timid or complacent.

Lee Jumps Ship, Seidenberg New Chairman

Effective Dec. 31, Charles E. Lee will retire as chairman of the Verizon Board of Directors with Chief Executive Officer (CEO) Ivan Seidenberg assuming that position.

Lee was scheduled to serve as the board’s non-executive chairman until June of 2004 as part of the 2000 merger of Bell Atlantic and GTE, but moved up the timetable based on what he called “the successful integration and operation of Verizon.”

Lee became chairman and CEO of GTE in 1991. He came to GTE in 1983 from Columbia Pictures where he was senior vice president-finance from 1980 to 1983. He held the same position and other financial-based positions at Penn Central from 1971. He also worked for United States Steel beginning in 1964.
Verizon Settles With Unions, Offers Buyout Plans

In early September, after the fall 2003 issue was delivered to Association members' homes, Verizon reached a five-year contract agreement with two unions in 13 Northeastern and Mid-Atlantic states representing some 79,000 workers.

The agreement calls for workers to shoulder more health care costs and smaller wage increases in return for job security. However, it also gives Verizon greater leeway in laying off those hired after the contract is enacted.

The agreement was reached with the Communications Workers of America (CWA), representing some 60,000 active employees, and the International Brotherhood of Electrical Workers (IBEW), which represents 18,000 of the Verizon employees.

"This contract is very important for our members, because it achieves their key goals of safeguarding jobs and job security, maintaining the current quality health care coverage and fully paid premiums, and improving retirement security," said CWA President Morton Bahr.

"We said during the negotiations that a union's primary mission is to fight for jobs and a more secure future for its members. This agreement does that, and it was achieved thanks to the strong solidarity of union members during this long and difficult process," said IBEW President Edwin G. Hill. "This is an important step in maintaining high quality, unionized jobs in the telecommunications industry and shows that collective bargaining enhances a company's chances of success in the competitive marketplace."

Verizon Vice Chairman and President Lawrence T. Babbio said this "unprecedented" agreement would provide "stability and certainty for both the company and our employees."

"This landmark agreement is fair for employees and at the same time helps Verizon remain competitive in these very challenging times," he said.

In the first year, workers would receive a three percent lump-sum increase in wages. For years two through five, they will get a two percent raise calculated from their salary before the three percent increase in the first year.

On the healthcare front, workers will not pay premiums but there will be an increase in their co-pays and deductibles. Estimates are that it will cost employees 25 to 30 percent more, if the cost of health care stays at its current level. Since the costs are expected to rise, workers will see an even greater increase.

However, the contract keeps intact previous employee job protection-plans, and it also includes a provision that allows the unions and the company to meet once a year to increase wages by giving back job-security provisions.

The new contract also contains a buyout plan, where workers who retire before the end of 2003 have the option to receive a five percent pension-band increase and take their pension as a lump sum. The ability to take a lump sum will be available again in the fourth quarter of 2004, but with a pension increase of two percent.

They will also be entitled to one year free health, vision and dental benefits, and then be eligible for post-retirement health benefits. They also will receive a five percent pension-band increase.

The company stated that it expects many retirees to opt for cash value pensions, because of the low bank interest rate assumptions. The lifetime pension payout formula used for those retiring grows with drops in rates, and falls when interest rates climb.

The overall settlement was reached through the intervention of the Federal Mediation and Conciliation Service, which had been involved as a mediator between the parties since July 29.

Verizon also has offered a voluntary buyout package to 74,000 management employees. The offer, which employees had a Nov. 14 deadline to accept, provided two weeks severance pay for each year of employment, as well as $15,000 to $30,000 based on management rank.

In the RETIREE FORUM we will address a widely asked question or concern. In this issue, we deal with “What is the benefit of participating in the Verizon health plan if you are a Medicare-eligible retiree?” (The answer to the question has been provided by the Verizon Office of Human Resources.)

Q: I’m a Medicare-eligible retiree. I notice that sometimes (some say “always”) when Medicare pays for covered expenses, the Verizon plan doesn’t pay anything. What is the benefit of participating in the Verizon plan?

A: Verizon offers the Medicare-eligible retiree comprehensive healthcare plans that include traditional indemnity and HMO plans so retirees have a choice when it comes to healthcare coverage.

Once you become eligible for Medicare, Medicare becomes your primary plan and your Verizon plan is secondary. The way this works depends on the type of health plan you elect. How HMOs integrate with Medicare varies from plan to plan. If you enrolled in a Verizon indemnity plan (for example, the MEP), whenever you have a medical expense and file a claim, Medicare evaluates it first and pays covered expenses. Your Verizon plan looks at the total claim expenses and determines the amounts covered by the Verizon plan if you did not have Medicare. The Verizon plan then compares that amount to the amount paid by Medicare and then pays the difference, if any. In many cases, Medicare covers most if not all of the expenses, leaving little or no expenses to be covered by the Verizon plan. This is a greatly misunderstood point: the plan never was intended to cover the 20 percent that Medicare does not.

While Medicare covers many healthcare expenses, the Verizon plans are designed to provide coverage for services not covered by Medicare (other than the 20 percent) and provide additional protection against catastrophic medical claims, such as long duration hospital and skilled nursing facility claims, for which Medicare has coverage limits. Additionally, Verizon’s plans limit your total out of pocket costs, adding a layer of financial protection for you in your retirement.

The Verizon plans also provide comprehensive prescription drug coverage, which is not currently provided by Medicare.

Many retirees ask if they would be better off purchasing healthcare coverage on their own when they see advertisements for Medicare-eligible healthcare plans. While retirees are always free to decide on the most cost-effective way to meet their healthcare needs, they should thoroughly evaluate each plan and compare the level of coverage provided by alternative plans with the coverage provided under the Verizon plan. In many cases, so-called “discount” coverage does not provide a prescription drug benefit, whereas the Verizon plans do. They also do not provide an annual maximum out-of-pocket coverage for major medical expenses.

If you have a question or concern that you wish to be addressed by the Retiree Forum in a future issue, please write or send an email to the Association headquarters and mark your matter to the attention of the BellTel Newsletter Retiree Forum.
Lucent and Qwest Cutting Retirees’ Benefits Again

Lucent Technologies Inc. and Qwest Communications have announced that beginning in 2004, certain retirees will have to foot the bill for some healthcare benefits.

Lucent said it will no longer reimburse retirees for Medicare premiums, dental coverage or health care insurance subsidies for dependents of management retirees who retired after Feb. 1, 1990 and whose base salary was $87,000 or more. This plan is expected to save the company some $75 million.

This decision is expected to affect some 50,000 retirees, many of whom are paying between $75 and $190 a month. These retirees will see their costs double next year.

Lucent said its decision was based on the drop in assets of the partially funded health care trusts – which has paid the affected retirees’ health care costs in the past – and lower interest rates on bonds which have increased plan liabilities.

The health care trusts were to be exhausted on Sept. 30, 2003, with the company contributing $300-$350 million in 2004 to pay the costs. The company said the trusts for formerly union-represented retirees is expected to run out in 2006 or 2007 and also will need corporate funding.

The company will address these costs with its represented employees and formerly union-represented retirees in collective bargaining discussions beginning next year.

Lucent said that it will make more changes to benefits in 2005.

Qwest has said that non-union, post-1990 retirees will pay about 20 percent of their health insurance premiums next year, which is estimated to cost retirees $90 a month per person. This is expected to affect 5,000 retirees.

Also, pre-1984 divestiture retirees will no longer receive a $25 a month credit for long-distance calls, and retirees not living in the Qwest service area will no longer receive free local phone service. Retirees in the company’s area can receive free or heavily discounted local phone service, or can enroll in discounted telecommunications packages.

But Qwest has agreed to delay the elimination of a death benefit paid to the spouse of a retiree who dies. The benefit is equal to a year’s pay at 1993 rates.

Nelson Phelps, executive director of the Association of U.S. West Retirees, which is fighting the company, said his members also are concerned that the pension fund surplus which was about $5 billion two years ago, has all but evaporated.

Recently, the Association of U.S. West Retirees hired Denver attorney Curtis Kennedy to pursue the issue and requested a full accounting from Qwest, including an explanation of a $68 million investment that dwindled to $700,000.

Qwest’s Vice President of Human Resources Jill Sanford said the pension plan is “fully funded,” has been properly managed, is well diversified and repeatedly audited. She blamed the company’s struggles on stock market losses, much like other corporations.

The Association of BellTel Retirees maintains a strong working relationship with the Association of U.S. West Retirees and Lucent Retiree Organization, and is conducting its own audit of Verizon.

2004 BellTel Meeting to be on Florida’s West Coast

The Association of BellTel Retirees Inc. will hold its 8th annual Membership Meeting on Wednesday, March 17, at the Holiday Inn Sarasota Bradenton Airport on Florida’s West Coast.

Last year’s annual meeting was held in Herndon, Virginia, just minutes outside of our nation’s capitol. More than 200 retirees attended the lively gathering, complete with important questions and ideas to boost the efforts of the organization. Prior years meetings have been held in Long Island, N.Y.; Atlantic City, N.J. (twice); Boston, Mass.; Syracuse, N.Y., and on the East Coast of Florida.

Two years ago, East Coast Florida retirees at the wonderful Spanish Lakes Country Club Village in Fort Pierce hosted the meeting, with all 400 seats sold out. Since then, West Coast Florida retirees have petitioned to host this important annual gathering. Florida ranks fifth in Association membership and is also the destination of thousands of “snow birds.”

Danish and coffee will be served beginning at 8:30 a.m., followed by a business meeting from 10 a.m. to noon.

There is a $5 registration fee per person. An admission ticket will be mailed to you when your check and registration form is received. If you have questions about the meeting or wish to reserve a seat call our headquarters at (631) 367-3067 or email us at association@belltelretirees.org.

We highly recommend that you make your reservations well in advance to guarantee a spot for you and all members of your party. Please include a list all members and guests in your party. E-mail is the preferred contact as it is the quickest means of communication. Please include your e-mail, as well the e-mail addresses of any other members of your party.

(RSVP for the Association of BellTel Retirees Annual Meeting on Wednesday, March 17)

I will attend the meeting in Florida - # in party _____

Name ________________________________

Address ____________________________________________

Phone Number ___________________ Email ____________________

Enclosed in as check for $ ____________ ($5 per person)

Names of others in your party and their e-mail addresses:

________________________________________________________________________

________________________________________________________________________

Please return this registration form and fee to: Association of BellTel Retirees Inc.; C/O Jack Sellen; P.O. Box 457; New Milford, N.J. 07646
A VIEW FROM WASHINGTON

By Jim Norby, National Retiree Legislative Network (NRLN) President

It's hard to believe, but Congress has begun to wind down toward its December adjournment. Our chief fear between now and then is that the congressional politicians will agree to some compromise and pass a version of the Medicare Prescription Drug Amendment (HR1/S1).

We have worked hard to let politicians know that retirees affected by this legislation are very angry with some of its provisions. While there are a number of points in the bill that we dislike, the provision that is the most onerous is, as the bill was originally written, one that would allow companies to drop company-sponsored prescription benefits promised made to retirees who are Medicare eligible.

I believe that our work, your letters, e-mails and calls have had an impact, as I heard during my mid-October trip to Washington. I now believe that we may have as much as a 50-50 chance that this provision will be removed in the final version. We’ll know soon.

But we can’t stand on the sidelines and hope for the best. Your NRLN board members, general counsel, and I spend considerable time on Capitol Hill and in the trenches, opposing legislation such as the HR1776 (Portman-Cardin Bill) and HR1/S1 (Medicare Amendment) that is harmful to retirees and those near retirement.

As earlier reported, we testified before a panel of Treasury Department Officials (IRS) in opposition to a proposed change in their regulations that would favor big business in the issue of the so called “cash balance pension plan.” Fundamentally, it’s a plan that penalizes older workers by not letting them continue to accrue benefits under a prior traditional benefit plan after years of employment. Additionally, we have called on the Secretary of Labor to investigate whether any of the companies seeking pension-funding relief from Congress have committed fiduciary violations that caused the funding problems.

We continue to promote The Emergency Retiree Health Benefits Protection Act (HR 1322), to stem the cut backs that retirees are suffering after retirement.

I've learned to describe this conflict we're in as “war” – a war being waged by corporate America against millions of retirees. A war being fought on a number of fronts, including corporate management meetings, boardrooms, Congress, the court system and federal agencies. Right in the middle of this conflict is the NRLN. This war is not going to be a short one.

We have – at least temporarily – stemmed the tide on the cash balance issue, and we have garnered some support in our opposition to the Portman-Cardin Bill.

In order to get HR1322 on the House floor, we must persuade at least two Republican Congressmen to sit down with Rep. John Tierney to work out an acceptable legislative compromise that House Republicans and Democrats can get behind.

We must get serious about communicating with our elected officials. When these Congressmen are home holding so called town hall meetings or other public gatherings, we must go to those meetings, stand up and ask them where they stand on HR 1322, HR1776, HR1 or any other retiree issues that you feel comfortable with discussing.

Hopefully, the press will be in attendance. In a gentlemanly- or lady-like fashion, you must tell the candidate or the incumbent what you expect of him or her on your issues while in Washington. Remind them that there are some 10 million retirees in America, who vote in elections, and we are very angry about the manner in which we are being treated. In fact, may I suggest that you use my new slogan, “I’m mad as hell, and I’m not going to take it anymore.”

If you agree that our long-range goals for protecting retirees can only be achieved by uniting in an effort to legislate laws that protect our interests, then individual member financial support of the NRLN is something that must grow.

We cannot achieve our long-term objectives without leveling the playing field somewhat. Unless we were to become another AARP, we will never be able to match the resources business interests that are fighting us tooth and nail. ERIC is a lobbying group supported by the Fortune 500 companies. I read somewhere that their lobbying expense is about $100,000 per month.

We have had years of knowledge and experience behind us. We helped this country grow into the success it is today. Let's put that experience and talent to work once again and help mobilize America and work against the corporate greed and deceit that threatens the financial security of us all. If we can do that, as General George Patton would say, “I really pity those bastards ...I really do.”

You can visit NRLN online at www.nrln.org or call the organization at (866) 360-7197.
Government Says Pension Guarantee Corp. At Risk

In late July, the U.S. Comptroller General named the Pension Benefit Guarantee Corporation, the federal agency responsible for guaranteeing pensions, to a list of “high risk” government operations. On the same day U.S. Secretary of Labor Elaine L. Chao also issued an alert that the system of governmental guarantee of defined benefit pensions is at risk.

In recent months, U.S. Treasury Secretary John Snow, former Chairman and Chief Executive Officer of the CSX Corporation and former Verizon board member, issued his own concerns of financial market meltdowns similar to the savings-and-loan crisis that began in 1989 and lasted for several years.

In addition to these three warnings, Steven Kandarian, the executive director of the Pension Benefit Guaranty Corporation, has hinted that his agency may need a government bailout. Retirees have cause for alarm.

To address this potential crisis, financial analysts have suggested that government leaders may need to call upon companies to put more of their own funds into the pension plans. The analysts also suggest that companies become more conservative with investment assumptions and reduce the percentage of stock holdings in pension plans in favor of more conservative investments, like government bonds.

The concerns of Snow and other Bush Administration leaders became evident following several negative years on Wall Street that have caused the default of some pension plans, with the remaining plans under-funded by a total of $350 billion. To make up for this deficit, businesses are expected to pour a staggering $83 billion in pension funds in 2003 – twice as much as 2002 and six times the contribution in 2001.

Snow has compared today’s pension problems with the 1980’s S&L crisis, recalling how S&L’s unbalanced and overly aggressive portfolio holdings bear similarities to some of today’s pension portfolios. Are pension managers taking greater financial risks knowing they are backed by this pension insurance fund, like the S&L’s were also backed by federal insurance?

Pension advocates also say some pension managers are turning to riskier investment vehicles to play catch up, hoping any gains will reduce significant losses over the last few years, and thereby reduce the amount they must inject into the plans.

While the Administration and Pension Guarantee fret over the future, a pro-business pension plan reform bill was introduced in Congress which would potentially permit companies to get away without having to replenish tens of billions of dollars of shortfalls in their plans over the next three years. This bill (H.R. 1776) is opposed by your Association.

Treasury Department officials have said such a plan would be risky, especially for companies with older workers who are getting closer to claiming their pensions. Companies have been lobbying the Bush Administration for a new formula that could cut their contributions by up to 75 percent.

As the number of pension fund defaults has increased, the Pension Trust has seemingly become weaker in the knees, fueling the concern for a need of a bailout. As of the writing of this article, it was $5.7 billion in the hole as result of a variety of industry plan failures.

Companies with defined benefit pensions, including Verizon, pay insurance premiums to this quasi-government agency for insolvency protections. But pension trust fund administrators say it cannot continue taking over insolvent pension plans without raising rates charged to companies or seeking a taxpayer bailout.

Some estimates suggest that 44 million Americans, including retirees and workers, are covered by defined benefit plans. Pension funds may be among the biggest powerhouses in the financial market with some $1.6 trillion invested at the end of 2002.

But fearing a flight from the market and loss of investment, few Wall Street managers would freely admit that moving funds from the cyclical marketplace toward more investment-safe havens, such as government bonds, is prudent.

By all accounts the Verizon plan is financially secure. But like some of the Wall Street pros, retiree and union leaders argue that aggressive financial assumptions and interest gained from the retirees funds have allowed Verizon to be the greatest beneficiary of the pension plan – as it has not had to make contributions since the 1980’s.

Treasury officials suggest a more conservative investment approach similar to bond investment might be prudent, but that philosophy would also cause companies to have to dig deeper into their own pockets, something they are very reluctant to do.

U.S. Airways Double-Take Over Its Former Pension Fund

U.S. Airways has gone back to court to fight over the value of its retired pilots’ pension fund less than one year after winning a court order that allowed the company to abandon it and hand it over to the federal government’s Pension Benefit Guaranty Corporation.

Last February in bankruptcy court, U.S. Airways said that the $1.2 billion set aside for its pension plan was short of the amount needed, and the money being pumped into the plan was draining the company. For its survival, the company declared that it must forsake the plan. When a judge agreed, the government operated Pension Benefit Guaranty Corporation assumed responsibility and all payments.

When the government took over the plan on March 31, it said it absorbed the $2.2 billion shortage in the fund. However, now in a legal twist, U.S. Airways claims the shortage was only some $890 million, according to its “new” calculations.

After U.S. Airways shed the pension fund that it says was saddling it, the company quickly came out of bankruptcy. It is fighting the amount of the government’s claim, in the form of an equity stake in the airline, post bankruptcy.

Airline executives and attorneys, in particular, are clashing about how to calculate the future value of pension funds. U.S. Airways wants to use what it calls the “prudent investor rate” – an aggressive interest rate assumption that is linked to stock market performance – rather than traditional discount rate assumptions which closely mirror insurance company annuity rates.

U.S. Airways defines the prudent investor rate as “the rate of return achievable by a reasonable, prudent, long-term pension fund portfolio investor” in its court documents. It cited the 12

(Continued on page 10)
New York Area Retirees Rally on Healthcare Issues

Some held picket signs denouncing Congress’ health care bill reforms.

Others asked how to stop pharmaceutical companies’ escalating costs and dwindling health care coverage.

Still others urged retirees to write their Congressional representatives on the importance of signing HR1322 (The Emergency Retiree Health Benefits Protection Act).

This was the scene as 250 retirees rallied in New York to let their voices be heard regarding the ever-changing landscape of health care coverage and escalating prescription drug costs.

On Sept. 8, a “Congressional Forum on Retirement and Senior Issues” was held at Stony Brook University, sponsored by Rep. Timothy Bishop, D-NY, the National Retiree Legislative Network and the Association of BellTel Retirees. This rally was a follow-up to an earlier one held at Fanueil Hall in Boston in June.

Bishop won his first-term as a Congressman last fall, overthrowing incumbent Republican Felix Grucci. Bishop’s victory was a shocker, as he won in a predominately Republican-registered district.

Bishop won the support of retirees in the area after telling them that he would co-sponsor HR1322, while Grucci spurned retirees four times, including not showing up for one of his meetings with them.

On the day he was sworn in, Bishop, called Rep. John Tierney, D-Mass., and became a sponsor of HR1322.

Bishop keynoted the rally, touching upon the major issue in healthcare – the proposed bills by the House of Representatives (HR1, “Medicare Prescription Drug and Modernization Act/Prescription Drug and Medicare Improvement Act”) and the Senate (S1, “Prescription Drug and Medicare Improvement Act”). He explained the two bills and showed how much more retirees would have to spend out-of-pocket. This was unsettling news to many in the crowd.

But, he said that HR1322 remains a No. 1 priority in his book and seniors must start pressuring their Congressional representatives to jump on board and lend their support to this all-too-important retiree protection bill.

He also discussed the re-importation issue (Fall 2003 BellTel Retiree, “Congress Battles Itself Over Importing Prescription Drugs”) the dangers of HR1776 (Pension Preservation and Savings Expansion Act) and other pension legislation. He also introduced his father, Courty, a CWA retiree who worked for New York Telephone for 40 years before retiring in 1980.

When he opened the floor for questions, he received an enthusiastic response from the gathering.

One exasperated retiree asked Bishop, “But what can we do?”

“Pressure the Speaker of the House, the House Majority and Ways and Means Committee to pass HR1322,” Bishop said, which includes retirees writing and phoning their Congressional representatives and letting them know that their vote is on the line.

Another retiree was concerned he would lose his prescription plan.

“Thirty percent will lose their coverage,” Bishop said. “This is why we need to pass HR1322.”

After hearing all of the negative affects of HR1 and S1, one retiree asked Bishop, “What chance do you see of the bad parts of the bills being eliminated?” Bishop said it would be an uphill battle.

“Getting a bill out to pass both Houses of Congress is going to be enormously difficult,” he said. “It’s anybody’s guess.”

He was asked by a local resident if he would continue to support the Veterans Administration Hospital on the North Shore of Long Island.

“How can we ask someone to put themselves in harm’s way and then when they come back, say, ‘You’re on your own,’ ” said Bishop, referring to war and military veterans. “I will do anything I can to be supportive of veterans’ benefits.”

Bishop told the gathering that there will be more of these gatherings as healthcare issues keep burning in the consciousness of the retirees and are debated throughout the halls of Congress.

Bruce Reisman, a local retiree from NYNEX and a member of the Association, said that within the last year – even in the federal sector – there is a growing awareness that there are major pension and benefits concerns from retirees across America.

“American corporations, in all too many instances, are trying to renege on pension and benefit issues that they traditionally had as a pact with the American worker,” he said.

Reisman retired in 1990, where he was a public relations/media relations manager. He remained on as a consultant until 1996.

He said the downturn in the economy is really putting the screws to these companies to cut where they can.

“It (downturn) has brought more pressure to bear financially on them (corporations) and they are trying to divest themselves of long-term financial obligations in terms of pension and healthcare issues,” he said.

He said these rallies are critical for retirees as there is “strength in numbers,” and he should know. Part of his time at the company was as a grass-roots lobbyist for the telecommunications industry.

“When we gather, we have more informational ammunition,” he said. “We’re more aware of the proposed legislation, we can scrutinize those bills and learn what they can do to us.”
Retiree Spotlight:

Retiree Has Been Instrumental Since Day One

Retiree Ray Townsend has been here since the beginning. He went to the Association of BellTel Retirees’ first annual meeting out on Long Island in 1997. He helped the Association with its expansion efforts in its infancy, inviting a member of its board to speak at a quarterly luncheon he organized with former co-workers.

And most recently, Ray Townsend had a behind-the-scenes hand in the Association’s latest success — the passing of the Calculation of Executive Compensation proxy at Verizon’s annual spring meeting.

You see, Townsend has spent hours upon hours over the years pouring over research material for the Association. He has crunched numbers and data looking up companies that have a large number of shares in Verizon, and helping to identify those that may be like-minded to the Association’s crusade.

Townsend gathers the companies’ names, addresses and telephone numbers, and then other retiree members contact them. He said he has identified 105 companies ranging from 12.5 million to 1,500 shares.

All of his — and others — hard work came to fruition this past spring with the passing of one proxy, and Verizon agreeing to another proposal.

“It’s because of these people who are out there making these calls to these groups,” Townsend said, too modest to take some of the credit himself. “This project is probably one of the most valuable things we have done.”

It is of no surprise that Townsend has been at the forefront of the Association’s efforts over the past seven years. When he worked for New York Telephone, he was involved with some of the cutting-edge technology of the day.

He began in March 1957 as a cable splicer helper. Through 36 years in the company — before retiring in 1994 — he held various positions including draftsman, switchman, plant supervisor, foreman and associate director-plant management.

Even though he said that his different jobs “were all interesting in one way or another,” one of his more appealing jobs was being involved in the first “212 split.” All of New York City (Bronx, Manhattan, Brooklyn, Queens and Staten Island) was originally under the 212 area code. As more and more people needed phone numbers, New York Telephone cut Brooklyn and Queens out of the 212 area code and gave them their own.

Another job worthy of noting, he said, was the one he held his last eight years at the company that, by then, had become known as NYNEX. He was the associate director-plant management and was in charge of the CENTREX switching for New York State. His job was to go out to various NYNEX business offices and show the salesmen there how to sell the product.

But probably his most fascinating job was in 1968 when he was involved in switching over the Pennsylvania Six panel switching system — one of the oldest ones in the Bell System — over to an electronic switching system (ESS).

“It was the first major central office that was done (electronically) in New York Telephone and one of the first in the Bell System,” he said. The Plaza Eight office on the Upper East Side of Manhattan was done before the Pennsylvania Six, he said, but it was much smaller and served strictly residential customers.

He supervised the craft-switchman who worked with the Bell Lab people installing the system. After it was installed he ran day-to-day operations of the office for a few years.

Coincidentally, in the mid-1990’s, a friend of his invited him back to Pennsylvania Six, when the company replaced the electronic switching system with a new digital system.

“It was a very funny feeling. A good part of my job early (in his career) was writing procedures for maintaining ESS,” he said. “It was very nostalgic.”

Despite being retired for nearly a decade, Townsend still keeps up with some of his colleagues and former bosses. He even coordinates a quarterly luncheon of retirees at O’Reilly’s Pub on 31st Street between Sixth and Seventh Avenues in Manhattan.

He said it started as a gathering of four to six people and has grown to some 20-25 per outing. “I even confess 45 people for each meeting, and retirees who have moved out of the state plan their visits to the Big Apple around this luncheon. But, he said the outing is open to anybody.

“Everyone is welcome to come to the luncheons,” he said. The next one is scheduled for Tuesday, Dec. 18, around noon. “If you would like to attend, you can call him at (212) 599-3354, or via e-mail at RR330NY36@email.msn.com

General Motors Raises Billions for Its Pensioners

General Motors announced this past summer that it will sell some $13 billion in bonds and convertible securities most of which will be used to shore up its under-funded pension plan and meet healthcare obligations.

GM will raise about $10 billion to use for its pension plans, and for its finance unit, General Motors Acceptance Corp., and $3 billion for ongoing operations.

The company’s pension plans were under-funded by $19.3 billion at the end of 2002, making it the largest pension deficit among American companies.

The automaker — the largest private purchaser of healthcare in the United States — spent a reported $4.5 billion last year on healthcare for 1.2 million current employees, retirees and their dependents.

But at the time of the announcement of the debt offerings, GM’s pension plan assets had gained 9 percent year to date.

GM has previously stated that it would contribute $15 billion to the plans by 2007. GM contributed $5.8 billion to its U.S. pension and retiree benefit plans during 2002 and an additional $1.2 billion in GM stock in 2003.
Dear Association,

I just stopped by the Bedford/Hurst Senior Center (Texas) and met with the manager. I wanted to see if she would post and distribute the AARP article “A Nasty Surprise for Retirees” and a Sept. 16 New York Times article including a cover letter from me. I talked about how this is not a partisan issue, but a retiree/senior issue and she completely agreed with me. To say she was enthusiastic was an understatement, and I can tell you this information is already posted and distributed throughout the center.

With these types of (senior) centers spread across the country, I would think the members of our Association would find this one more avenue to get the word out on this ill-conceived legislation. Would it be possible to advise the membership of this opportunity?

Roger W. Gallenstein
Bedford, Texas

EDITORS NOTE:
The Association would also like to extend its congratulations to Roger who authored an opinion editorial “Prescription Bills Not Right Medicine for Seniors” that was published in the Sunday, October 12 edition of the Fort Worth Star-Telegram (Readership 865,000). His story ran on the same page as nationally syndicated writers including William Safire, George Will and David Broder.

Congratulations also go out to Jack Cohen of Yorktown Heights, N.Y., who like Roger is a subscriber of the Association’s free member news bulletin service and has used this service to spread the word to other friends and retirees who have not yet subscribed to the service.

Following an Oct. 7 member news bulletin “red alert” about Congress’ plans for the Medicare Prescription Drug Legislation put out over the member news service, Cohen took immediate action. He penned a letter to the editor of his local newspaper, The Journal News, using information from the bulletin. His letter was published Oct. 10 in the 142,000-circulation paper that serves Westchester, Putnam and Rockland Counties in New York.

We continue to encourage all members to take every opportunity to be outspoken through your local news media, or to other retirees and retiree organizations. Promote the protection of retiree benefits and rights – your rights – just as Jack Cohen, Roger Gallenstein and so many other Association members have. Below is Cohen’s letter that was published.

JOURNAL NEWS LETTERS TO THE EDITOR PAGE:

Protect retirees’ drug coverage

It has been reported that the political leadership of the House and Senate has designated Oct. 17 as the date by which the Medicare drug legislation conferees would have to wrap up a bill (HR1/S1). On Oct. 6, Congress went into a one-week recess, leaving little time to resolve several critical issues. Big companies have stepped up their campaign to steamroll Congress into enacting a Medicare drug bill regardless of its deficiencies. They likely will be especially aggressive this week while members of Congress are home taking the temperatures of their constituents.

For example, last week, General Motors requested all its non-union employees to bombard Congress with pleas to pass the drug bill. Observe that GM did not ask its non-union retirees to do this because GM knows that the retirees strenuously oppose the bill. GM is desperate to see a drug bill enacted so that it can use it as an excuse to cancel its company-provided drug insurance for GM retirees on Medicare.

It is of the utmost priority that every retiree who will be detrimentally affected by such legislation contact their congressional representatives during the recess and urge them to reject any Medicare drug bill that fails to protect current retirees against loss of their present company-provided prescription drug insurance. Telephone calls, faxes, letters and e-mails are essential. On the Internet, a major vehicle to simplify contact with Washington is through the AARP (www.aarp.org), the Association of BellTel Retirees (www.belltelretirees.org) or the National Retiree Legislative Network (www.nrln.org).

Jack Cohen, Yorktown Heights, NY

Association Brochure Enclosed

We have enclosed a copy of our updated brochure with this newsletter. It is our hope that after reading it, you will pass it on to a friend or relative who is an employee or retiree of Verizon, Bell Atlantic, NYNEX or GTE.

As you know, the company has steadfastly refused to give us a list of retirees, so we are asking you to help us reach the 100,000 retirees who are not on our mailing list. Some of our members have been leaving information pertaining to our Association in senior centers, credit unions and other places where retirees might go or posting them on bulletin boards.

Should you need more brochures for distribution just call, e-mail or write to our office and we will be glad to send you more. Just let us know your name, mailing address and the number of brochures that you would like.

Thanks for helping us to grow. The more members we have the more power we wield in our fight for all retirees’ financial security.
Beware Dialing Some Area Codes

Association Board member Robert Rehm recently received a voice mail from a number with an 809 area code. The message said, “Hey, this is Karen. Sorry I missed you – get back to us quickly. Have something important to tell you.” Rehm didn’t respond, and it was a good thing.

The following week, he received an e-mail from AT&T entitled, “DON’T EVER DIAL AREA CODE 809, 284 AND 876.” This is a scam that is spreading extremely quickly through e-mails, phone calls and web pages, which can cost the consumer $2,400 or more!

Here’s how the scam works. You will receive an e-mail, message on your answering machine or page on your beeper asking you to call a number with an 809 area code because you have won a prize, or a family member is ill, has died, been arrested, etc… You are asked to call this area code right away, and because area codes have changed so much recently, people call these numbers unwittingly.

If you are unsure of an area code, you can go to www.consumer.att.com to check an area code in the U.S. or abroad.

If you call an 809, 284 or 876 area code from the U.S., you will be charged $2,425 per minute! Sometimes, you will get a recorded message, and they will try to keep you on the line for as long as possible. According to AT&T consumer relations, some people have received telephone bills that top $24,000!

Why does this scam work? Well, the 809 area code is in the British Virgin Islands, and can be used as a “pay-per-call” number, much like 900 numbers in the U.S. But since it is not a U.S. number, it is not covered by regulations that require the consumer be notified of the rates and charges that accompany these calls.

Also, these companies do not need to provide information as to when a consumer may hang up and not get charged for the service, and homes that have “900-blocking” in the U.S. do not block these 809 calls.

No matter how you get the message or what it says, it is advisable to ignore all requests to call an 809 area code, as well as 284 and 876. If you do fall for this scam, it is very difficult to fight these charges, since many phone companies will stay out of the fight and leave consumers to deal with the foreign companies themselves.

Many of these foreign phone companies will tell the consumers that they did nothing wrong, which – legally – they didn’t. Please be aware of this scam and alert your friends to protect them from falling prey.

U.S. Airways

(Continued from page 6)

percent returns earned by the Pension Benefit Guarantee Corporation’s own investment portfolio between 1985 and 2002.

However, the government – and every other company – uses a discount rate, which is factored into pension calculations to express the speed at which the pension fund must compound if workers are to receive all their money in the future, which, for certain calculations, is set by law. On March 31, when the government took over the fund, that discount rate was 5.1 percent, or almost one-third the rate US Airways executives and lawyers claim.

The higher the return rate, the lower the shortfall for the pension fund manager. Some believe that if the airline wins this decision, it may send a signal to corporations that they, too, can abandon their pension plans and reclaim them using the same calculations.

In the end, those hardest hit are the recipients of the plan. When the government took over in March, a large number of pilots had their benefits cut. If the airline wins this round, the pilots can expect even deeper cuts.

Social Security Announces 2.1 Percent COLA

Look for monthly Social Security checks to increase in 2004 by an average of $19 after the federal government announced that there would be a 2.1 percent cost of living increase. The increase will go to more than 51 million Americans eligible for Social Security.

The rate increase by the Social Security Administration reflects the current low inflation rate. The cost of living adjustment in 2003 was 1.4 percent, or about $13 per month.

But while retirees need the raise, a good percentage of it will be offset by an increase in Medicare premiums that also will take effect in 2004. Premiums will rise 13.5 percent – or $7.90 – bringing the total monthly cost to $66.60.

New retirees must now be 65 years and two months old to be eligible to collect full Social Security payments. Next year, eligibility rises to 65 and four months, and will eventually increase until it is 67 for individuals born in or after 1960.
Free E-Mail Bulletin Service Usage Jumps 20 Percent

BellTel members have given a “thumbs-up” to the Association’s free e-mail news service bulletin that provides the quickest means for retirees to gain vital news and information from the Association.

Between August and September, enrollment in this member-friendly service rose by an astonishing 20 percent.

Signing up is simple and, unlike other pesky services, ours does not share your e-mail address with others. This means no advertisements, no hidden pop-up ads, or “spam” e-mails permitted.

Messages are sent directly by the Association’s President and Executive Director, C. William Jones, about once a month and when there is vital or breaking news that retirees need to know and/or act on.

To enroll, go to the BellTel website (www.belltelretirees.org) and scroll down the left hand side of the home page until you find the “Keep Me Posted” icon with a picture of a man reading a newspaper. Click on the picture and enter your email address. Then just click the submit button and the subscription process is complete – fast, simple and free. Shortly after signing up you will receive confirmation e-mail.

Should a subscriber wish to cancel their subscription, they can just as easily revisit the original “Keep Me Posted” sign-in screen and choose “unsubscribe.”

We urge you to join with many other members who have taken advantage of this valuable, no cost, and trouble-free service.

Also, for members who wish to access the latest or archived versions of the BellTel Retiree newsletter online, or if you wish to use the Association’s web site to write to Congress, click on the “BellTel Retiree Newsletter” icon at the top of the web page. When a box pops up asking for a “User Name” and “Password,” enter “belltel” for both. Also, click the box that says “Save this password in your password list.” This will enable you to bypass entering a user name and password each time you access the newsletter or communicate electronically with your members of Congress.

Prescription Medicine from Canada Getting a Political Boost

Illinois Governor Rod Blagojevich is promoting a petition that he hopes will urge the federal government to allow Americans to buy prescription medication from Canada. The petition was recently endorsed by New York Mayor Michael Bloomberg.

The petition, which is available for viewing and/or signing at the governor’s web site (http://www.affordabledrugs.il.gov/), is addressed to both Congress and the Food and Drug Administration and simply states:

“While many of us cannot afford the medications we need to stay healthy, our neighbors in Canada are able to buy the same prescription drugs we use, made by the same drug makers, for half the price. It is time for our leaders in Washington, D.C., to help ease the burden on American taxpayers and consumers by giving us access to the drugs we need at the lower prices available in Canada.”

The governor’s web site also provides some important information and statistics supporting the petition.

The site says that the average cost per prescription for seniors rose by 48 percent between 1992 and 2000, and is expected to increase another 72 percent by 2010, according to a Families USA study. Also, according to a study by Dana Gelb Safran, ScD, director of The Health Institute at Tufts-NEMC, a shocking 22 percent of seniors let prescriptions go unfulfilled and skip doses to make them last longer, while one in four seniors say they spend $100 per month on medicines.

All of this while the number of Americans without health insurance in 2002 rose to 43.6 million, which is 15.2 percent of the country’s population.

Still Holiday Shopping?

Are you looking for that gift for a friend or two, but don’t know what to get them? Why not a one-year enrollment in the Association of BellTel Retirees! Avoid the long lines at the malls and department stores and just contact the Association at (631) 367-3067, or via e-mail at association@belltelretirees.org for some free applications. The Association’s “little elves” will get applications out to you in a hurry and you can sign up a friend or two.

We received this idea from one of our members, who called the Association’s office, asked for some applications and said that she was going to sign up some new members as a holiday gift.

It’s the gift that keeps on giving, as they will help us in our fight to promote the protection and enhancement of the pensions and benefits for retirees and beneficiaries of the companies and subsidiaries that make up the Verizon Corporation.
10 Ways PINNACLE CAPITAL MANAGEMENT and MORNINGSTAR INVESTMENT SERVICES Help You Invest with Confidence

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