

News From:



Revenge of the retirees: Former Verizon workers look to clip executive pay packages

AARON ELSTEIN | April 6, 2021



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Jack Cohen, a retired telecommunications office manager, is an unlikely corporate [activist](#).

“This is the time of life when we should be playing with our grandchildren and having fun,” the 77-year-old said.

Instead, Cohen is chairman of the Association of BellTel Retirees, a group of some 130,000 former workers and current shareholders that for more than 20 years has successfully fought for changes at [Verizon Communications](#). The retirees are at it again this year, calling on Verizon to limit the size of golden parachutes, those exit packages awarded to departing corporate leaders.

The group persuaded 59% of all Verizon [investors](#) to approve limits on golden parachutes 18 years ago, but the former workers want to close loopholes that have emerged since then.

“It’s accounting gymnastics designed to circumvent what was accomplished by shareholders,” said Cohen, who retired after 26 years’ service in 1994, when Verizon was known as Nynex. “Especially this year, how do you look at someone waiting in line for food when there are corporate termination packages that could choke a horse?”

The retirees are rallying against the \$39 million package that Verizon Chief Executive Hans Vestberg stands to collect if he is terminated without cause, which amounts to nearly seven times his salary and a short-term bonus. The retirees group proposes to cap the benefit at 2.99 times and is asking all shareholders to vote in favor of its resolution at Verizon’s annual meeting next month.

In a regulatory filing, the telecommunications giant warned that adopting the resolution “could put Verizon at a competitive disadvantage” because “a significant portion of the executives’ annual compensation would be uncertain” for an unacceptably long period.

Verizon didn’t respond to a request for comment.

A second proposal has been introduced by BellTel board member Tommy Steed, a cable splicer who helped restore service after a catastrophic 1975 fire at the New York Telephone Co. switching station in the East Village. His plan calls on the Verizon board to amend its claw back policy so pay can be recouped from executives who engage in “misconduct” rather than “willful misconduct.”

Verizon says the resolution is “defective” because it would allow for claw backs without taking into account an executive’s personal culpability.

The BellTel retiree group got started in 1995 when seven retirees kicked in \$350 each and started hosting lunches for former telephone company workers. Verizon denied the group access to any retiree list. The original members were from the corporate side but now the group is 50% unionized employees. Cohen said the suits in management and blue-collar workers didn’t get along when they worked together, but they’re now allies keenly interested in ensuring Verizon continues to honor its pension commitments.

“We’re all rowing in the same direction now,” he said.

In 2003 the retirees group won a majority of shareholder support for a proposal calling on the board to get investor approval for any golden parachute above a certain size. Since then, Verizon has begun granting “performance shares” and restricted stock that aren’t covered by the 2003 policy, which Cohen said needs to be updated this year.

In 2007 the retirees secured another victory when a majority of investors endorsed their plan to hold an annual vote on Verizon executives’ pay, and in 2013 another majority approved their proposal for investors to nominate board members. The group said it has pushed Verizon to

make 11 changes to its corporate governance practices over the years, mostly done behind the scenes before a shareholder vote.

“We have a very nice relationship with Verizon,” Cohen said. “We’re not in the boxing ring. We all want the company to succeed.”

He said the retirees group has begun hearing from former employees of other telecommunications companies spawned after the government broke up AT&T in the 1980s.

“We’re all children of the old Ma Bell,” he said.

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