BELLTEL RETIREE

Association of BellTel Retirees Inc.

The Official Newsletter for all Union & Management Retirees and Employees of the successor companies and subsidiaries of the Bell System. Your newsletter is paid for by your contributions.

Summer 2024 | Volume 110

Verizon Spinoff – 56,000 Pensions & $5.9 billion

Yet another shameful discarding of loyal employees' and retirees' pensions was announced by Verizon recently.

On March 6 Verizon announced that it had closed a massive $5.9 billion pension risk transfer deal to offload union and management retiree pension liabilities to Prudential Insurance Co. of America and Reinsurance Group of America Inc (RGA).

Verizon purchased a single-premium group annuity contract for 56,000 retirees and their beneficiaries who retired before January 1, 2023.

This affects retirees covered under the Verizon Management Pension Plan and Verizon Pension Plan for Associates. It is also one of the first pension de-risking transactions to affect unionized telecommunications retirees.

The third-party group annuity payments are slated to begin July 1, 2024.

Prudential and RGA each will take on roughly 50% of the purchased pension payment obligations.

Investment management firm State Street Global Advisors assisted in facilitating the transactions with both Prudential and RGA. This was the same firm that advised on AT&T's $8.05 billion spinoff of 96,000 pensions in 2023, for which it is being sued by former plan participants.

This transaction reduces Verizon's pension liabilities by over one-third. It is the second multibillion-dollar pension de-risking transaction by Verizon since 2012.

In 2012, Verizon transferred 41,000 management retirees' pension liabilities to Prudential in an $8.4 billion transaction. Your Association of BellTel Retirees

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AT&T Sued Over 2023 Pension Deal

AT&T was hit with a class-action lawsuit on March 11, 2024, aiming at the 2023 transfer of $8.05 billion of pension liabilities — covering approximately 96,000 participants in AT&T's pension plan — to Athene Holding Ltd.

The four former plan participants initiating the lawsuit claimed that AT&T's decision to conduct the deal with Athene jeopardized workers' retirement security and that AT&T and its independent fiduciary in the transaction, State Street Global Advisors Trust Co., stood to gain from the transfer.

State Street was also the independent fiduciary that facilitated Verizon's recent $5.9 billion pension risk transfer to Prudential Insurance Co. of America and Reinsurance Group of America Inc (RGA).

Two days later, former employees of Lockheed Martin filed a similar lawsuit relating to two separate transfers of pension plan liabilities to Athene: a transfer in 2021 of $4.9 billion of Lockheed Martin's pension liabilities, covering 18,000 pension plan retirees and beneficiaries, and a transfer in 2022 of $4.3 billion of pension liabilities, covering 13,600 pension plan retirees and beneficiaries.

The lawsuits acknowledge that pension risk transfers aren't prohibited by the Employee Retirement Income Security Act (ERISA). Instead, they take issue with whether AT&T and Lockheed sought out the safest possible annuity.

The retirees bringing the AT&T lawsuit described Athene as "a private equity-controlled insurance company with a highly risky offshore structure."

A 2022 analysis from NISA Investment Advisors argued that Athene is not a safe annuity choice for ERISA fiduciaries and is riskier than other traditional annuity providers, claiming its reliance on a Bermuda-based subsidiary.

According to the lawsuit, one-fifth of Athene's portfolio is invested in "risky asset-backed securities and leveraged loans made to companies highly in debt."

Athene called the cases "without merit," saying it's "well capitalized, properly

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Chairman's Report

By Thomas Steed

Well, I think it's about time I pause to catch a breath. These past few months have been a real whirlwind for our organization and its membership.

First we had the landlines issue in California, where state regulators are considering AT&T's proposal to end its landline "must carry" designation in the state. Public hearings on the issue began in early February, drawing hundreds of speakers, including myself, objecting to a move that would likely cut jobs and leave vulnerable residents without a reliable means of communication.

In addition to those hearings, public comments expressing outrage at the proposal have been flooding the California Public Utilities Commission (CPUC) website every single day, totaling well over 5,000 at this point.

On Feb. 20 I emailed and wrote a letter to those commissioners expressing my own outrage on behalf of BellTel retirees and active employee members. Our group was one of the earliest to weigh in on the issue and outreach to alert the media.

Incredibly enough, AT&T experienced a nationwide cellular outage two days after I sent that letter, leaving 1.7 million customers wondering why they couldn't get a signal anywhere in the vicinity. Millions of additional Verizon and T-Mobile customers could not reach anyone on AT&T's failed network.

On the pensions front, retirees absorbed another body blow on March 6, when Verizon transferred 56,000 union and management retirees' pensions to Prudential and Reinsurance Group of America (RGA). The third-party pension annuity transfer payments for those retirees are scheduled to begin on July 1, 2024.

It was, of course, the second multibillion-dollar incident of pension stripping affecting Verizon retirees, following the $8.4 billion deal impacting 41,000 retirees in 2012.

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Chairman's Report *Continued from page 1*

This spring our two Verizon shareholder proxy proposals were put to the shareholders for a vote. The outcomes of those proposals, one revisiting the senior executive clawback policy and the other targeting lead cables, were preliminarily announced at Verizon's annual shareowner meeting held virtually on May 9.

I think it's worth diving deeper into each of these topics so that we're all on the same page.

AT&T Landlines

Even though this controversy comes out of California, the landlines issue hits close to home for me. I spent three-plus decades working as a lineman and technical associate for the New York Telephone Company, making me intimately familiar with the utility of landline coverage.

The build-out and maintenance of a connected phone and communications system from coast to coast was and remains a national security imperative. Landline communications provide critical connectivity for all. Communities, homes, and businesses that lack access are put at a severe disadvantage.

Landlines are also critical in the event that the three U.S. power grids fail simultaneously. Telephone central offices switch automatically to their own backup power generators, so the landline bulb in your telephone would become the last light left on in America.

In its application to end its status as California's Carrier of Last Resort, AT&T had the audacity to argue, "Like Blockbuster rentals and Kodak film, [landline service] has fallen from technological primacy to effective obsolescence in the course of a generation."

Last time I checked, Blockbuster rentals couldn't call 911 in an emergency, nor could they connect to home-alarm systems, building elevators, and call boxes.

On March 19 I provided testimony on behalf of BellTel retirees at the California Public Utilities Commission's virtual public hearing on this issue. During my speech I made it clear that AT&T's abandonment of landlines in California would start a domino effect, paving the way for the end of landlines across the country.

Photo credit: SaveLandlines.org

The truth is AT&T doesn't really care about its empty slogan: "Connecting changes everything." This move is all about corporate bigwigs fattening their bottom line and re-monopolizing, exactly what the 1984 breakup of the Bell System was meant to prevent. They want to take away reliable landline service so that customers are forced to purchase AT&T's expensive and often dysfunctional bundle packages.

Axing landline service is like building a passenger ship with no lifeboats and sending 1,000 people out to sea. What happens if the ship sinks?

Pension Stripping

Our ERISA rights once again came under assault when Verizon purchased a single-premium group annuity contract for 56,000 retirees or their beneficiaries, all of whom retired prior to Jan. 1, 2023. It reduced Verizon's remaining pension obligations by one-third.

For those counting, Verizon pension de-risking transactions have so far spun off 97,000 defined benefit pensions for a total exceeding $13.4 billion.

And on a broader scale, pension de-risking deals in the U.S. have totaled over $350 billion since 2012, when Verizon and GM started a trend that has spread like wildfire across corporate America. Totals for 2022 and 2023 were the highest on record, and 2024 could be even worse.

With federal ERISA protections for these retirees out the window, these pensions are now exposed to all kinds of trouble. Should an economic crisis render the group annuity insolvent, or private equity fund managers make a series of bad investments, the only backstops available would be our respective state guaranty associations. The caps on lifetime replacement payments in most states are laughably low.

Corporations want to keep these deals hush-hush. We need to keep calling them out so that Congress finally modernizes ERISA and states pass laws establishing realistic backstop protections and greater oversight over pension annuities.

Proxy Proposals

Our two Verizon shareholder proxy proposals gained a lot of attention this year.

The Senior Executive Compensation Clawback policy got a boost on April 29, when the Federal Communications Commission (FCC) announced that they voted to finalize a staggering $47 million fine on Verizon for selling real-time customer location data to third parties without consent.

Punishments like that reaffirm the need for a stronger policy when it comes to compensating executives who may not be playing by the rules. Who were the Verizon senior leaders who decided to violate privacy laws?

And our new lead cables proposal turned plenty of heads, especially in light of last year's major Wall Street Journal investigative series calling attention to the toxic lead-sheathed cables that crisscross our country. It's an especially important issue for retirees like me who developed serious illnesses after spending so many years handling those cables without any company-issued protective wear.

Clearly, we've made a lot of progress on these issues so far in 2024, but there is still so much more on our dance card. Please consider getting more deeply involved with YOUR Association by standing up and supporting us, whether it's through a financial contribution or volunteering.

The fight for a better, more secure retirement future is only possible if we all raise our voices together. United we are always stronger.

BELLTEL
Association of BellTel Retirees Inc.

UNITED, TO PROTECT OUR FUTURE

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Association of BellTel Retirees Inc.
P.O. Box 33
Cold Spring Harbor, NY 11724
(631) 367-3067
website: www.belltelretirees.org
E-mail: association@belltelretirees.org
Hotline: (800) 261-9222
A 501 C3 IRS tax-exempt corporation

OUR MISSION:

The Association of BellTel Retirees is dedicated to promoting the protection and enhancement of the pensions and benefits for all retirees and for the current and future beneficiaries of the companies derived and evolving from the original Bell System.

Since 1996, the Association has worked to convince the companies to protect and guarantee, rather than raid or erode, the hard-earned retirement security for hundreds of thousands of dedicated current and former union and management personnel and their families.

Verizon Spinoff – 56,000 Pensions & $5.9 billion

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brought a federal lawsuit to challenge the legality of that transaction, which evolved into a class-action lawsuit brought all the way to the United States Supreme Court.

Verizon claimed, in a letter to plan beneficiaries, that it is "confident that this transaction will secure retirement benefits with highly rated, financially stable insurance companies that manage the financial risks associated with pension plan payments as a part of their core business."

However, Association Chairman Thomas Steed has a different outlook on corporations continually spinning off pension liabilities.

"Corporations frame this as a benign way to reduce costs, but pension stripping represents multiple risks and no upside to the retirees," he said. "Verizon and other corporations are stripping millions of vulnerable American retirees of their safety net. They're cutting the legs out from under the strong federal protections guaranteed by ERISA law, along with protections from the PBGC."

Pension risk transfers (PRT) are often referred to as pension de-risking or pension stripping. Through this process, corporations offload defined benefit pension obligations to insurers, reinsurers, and private equity firms, and relieve themselves of their financial obligations to retired employees who dedicated their lives to corporations under the promise of a secure pension.

After this most recent transaction with Prudential and RGA, Verizon has now offloaded a collective 97,000 defined benefit pensions from the protection of Verizon's pension coverage, totaling over $14.3 billion.

Since 2012, corporations across America have spun off more than $350 billion in retiree assets to insurance providers and their affiliated private equity investment firms.

Pension stripping is a dire threat to Americans' retirement security. Retiree advocates assert that pension risk transfers force retirees to take on more risks, leaving them vulnerable to defaults, legal judgement, or even bankruptcy in their retirement.

When group annuity contracts are regulated at the state level, retirees are subject to non-uniform protections, losing the safeguard of ERISA's uniform federal protections.

They're cutting the legs out from under the strong federal protections guaranteed by ERISA law, along with protections from the PBGC.

As corporations continue to prioritize cost reduction over retirees' well-being, the debate surrounding pension stripping underscores the urgent need for comprehensive safeguards to retirement security for all Americans.

AT&T Faces Lawsuit Over Pension Deal

(Continued from page 1)

reserved, soundly invested, and highly rated."

The plaintiffs claimed that AT&T and State Street selected Athene because it was the cheaper option and that the company could have opted for safer, traditional annuity providers that have a "proven record of financial strength necessary to shoulder such large and important obligations over a period of many decades."

As a result, the lawsuit alleged that AT&T and State Street breached their fiduciary duties under ERISA by mismanaging participants' retirement benefits by putting them in the hands of Athene.

"Putting the company's financial interest in saving money ahead of participants' interests in retirement security by selecting a riskier annuity provider is an egregious act of disloyalty," the retirees said in the complaint.

"By transferring Plaintiffs' pension benefits to Athene, Defendants put AT&T retirees' and their beneficiaries' future retirement benefits at substantial risk of default — a risk for which they were not compensated, and which devalued their pensions."

The pension deal netted AT&T approximately $363 million in profit, according to court documents.

Because of the transaction, AT&T and the retirement plan are no longer required to pay annual flat-rate PBGC premiums for the 96,000 participants terminated from the plan, which will save AT&T more than $9.6 million annually, the lawsuit stated.

"Although AT&T is worth more than $100 billion, and is the world's fourth-largest telecommunications company, the company decided to fatten its wallet by placing its retirees' futures in the hands of a risky new insurance company that is dependent on its Bermuda-based subsidiary and which has an asset base far riskier than AT&T's," the lawsuit stated.

There are certain fiduciary standards that a plan sponsor must use when selecting an annuity provider for these deals, as outlined by Interpretive Bulletin 95-1, issued by the Department of Labor in 1995.

The lawsuit alleged that AT&T and State Street breached their fiduciary duties under ERISA by mismanaging participants' retirement benefits.

IB 95-1 was formulated in response to the infamous failure of Executive Life Insurance Company in 1991, which collapsed in large part due to a reckless strategy of high growth and investment in high-risk assets.

Four large insurance companies taken over by state regulators during that time — Executive Life and its subsidiary Executive Life of New York, along with First Capital and Fidelity Bankers — had a total of more than 900,000 policies with policyholders and annuitants in every state.

IB 95-1 advises fiduciaries to select the "safest annuity available" unless it would be in the interest of participants and beneficiaries to select a different insurer.

The SECURE 2.0 Act of 2022 required the DOL to review IB 95-1 and recommend possible modifications to Congress by the end of 2023, but modifications have yet to be released.

The AT&T and Lockheed lawsuits may prove difficult for the plaintiffs because their cases are based on the threat of potential issues in the future rather than injuries that have already happened. The retiree plaintiffs will need to show a material risk that they will lose all or part of their benefits.

The outcome of the cases and the impending report from the DOL could have far-reaching implications for sponsors and plan fiduciaries engaging in pension risk transfers.

The pension risk transfer market is hotter than ever.

During the third quarter of 2023, more pension risk transfers were conducted than ever before in a single quarter, and total single premium buyout assets represented more than $256 billion, an 11% increase over the third quarter of 2022, according to LIMRA, an insurance research association.

Athene has been a big winner in that trend, with more than $10 billion in pension group annuity sales in 2023.

Proxy Proposals: Executive Clawback and Lead Cables Policies

Leaders of your Association of BellTel Retirees resubmitted the Senior Executive Compensation Clawback Policy proxy measure to be voted on at Verizon's 2024 annual shareholder meeting. The proposal demands more transparency and accountability when it comes to corporate executives' often exorbitant compensation.

Last year this proposal gained the highest support level of any proxy measure before Verizon shareholders, winning a vote of 37.9%.

And in the leadup to this year's meeting, the proposal won the prestigious endorsement of the investor advisory service, Institutional Shareholder Services (ISS), which recommended: "While the board may be given clawback authority under the existing clawback policy, more transparency about its use of that authority is a reasonable request. Therefore, this proposal warrants support."

Executives can leave Verizon with generous compensation, stock options, and other rewards. The current policy only permits the cancellation or recoupment of compensation when an executive engages in "willful misconduct" that results in Verizon having to restate its financial results.

Association leaders believe that Verizon's current clawback policy does not address potential situations that could occur, such as when an executive is negligent, lacks oversight, or makes decisions that affect Verizon's finances, reputation, or causes other significant company harm.

Ironically, the Federal Communications Commission (FCC) voted in April to finalize a $47 million fine against Verizon, after it was found that our former employer had been selling real-time sensitive customer location data to third-party companies without obtaining consent from users — a clear violation of FCC rules.

This decision by the FCC, from the perspective of our Association, simply reaffirms the importance of strengthening Verizon's senior executive clawback policy.

The current policy does not require shareholders to receive full disclosure of any such executive misconduct.

Retiree shareowners believe that the current policy in place is too vague. The clawback proxy requests that certain compensation be returned to Verizon when an executive engages in conduct that harms the company financially or reputationally.

In the end, the proposal boils down to an apt quote from our Chief Financial Officer, Frank Bruzek: "If you don't earn it, please return it."

On May 9, Verizon preliminarily announced that this measure achieved 32.8% of shareholders' vote.

* * *

BellTel Retirees' second 2024 proxy measure at Verizon formally requested a study and report to Verizon's shareholders on its thousands of miles of abandoned lead-sheathed cables littered throughout America.

The proposal was Item #9: Lead-Sheathed Cable Report on the proxy ballot and was a new measure introduced for 2024.

It asked Verizon's Board of Directors to assess all potential sources of liability in relation to the lead-sheathed cables, for a comprehensive mapping of all locations impacted, potential costs of remediation, and for cost-effective prioritization of mapped remediation sites that pose the most significant public health risks.

Many of our Association's members recall times in their careers in which they were responsible for installing or maintaining lead-sheathed cables on poles, buildings, and in the ground, at locations all across the nation.

Starting on July 9, 2023, The Wall Street Journal published a comprehensive multi-part investigative series — "Lead Legacy: America Is Wrapped in Miles of Toxic Lead Cables" — that found telecommunications providers like AT&T and Verizon have "left behind a sprawling network of cables covered in toxic lead that stretches across the U.S. under the water, in the soil and on poles overhead."

The newspaper's investigative team, working with health scientists and environmental advocates, concluded that the lead covering these cables had seriously degraded and in countless instances was simply abandoned and left in place.

According to the Journal's findings, this lead is "ending up in places where Americans live, work and play."

AT&T estimates that it has nearly 200,000 buried in-conduit or aerial cables. Verizon estimates that it has nearly half a million buried in-conduit or aerial cables, although it claims that lead-sheathed cables make up only a small percentage of its telephone cables.

Starting in 2023, the Environmental Protection Agency (EPA) sent letters to these telecommunications companies requesting that they provide technical reports related to testing and sampling of the lead cables. It has also ordered AT&T and Verizon to do testing at all identified locations and determine their potential environmental and health risks.

The EPA is coordinating with the Department of Justice's Southern District of New York to determine whether the companies had knowledge of the potential risks to their workers and the future environmental impacts of these cables.

CFO Frank Bruzek holds a lead-sheathed cable during the Association of BellTel Retirees' annual meeting

AT&T, Verizon, and other telecommunications companies responded that they "offer robust training and resources, including blood lead testing for workers," and that they were cooperating with regulatory investigations.

Verizon argued to the Securities and Exchange Commission (SEC) that this proposal be rejected because our Association was "engaging in their ordinary business." Our Association's legal team sent a rebuttal, and the SEC agreed with us, that our proposal should be admitted.

Our Association's proposal is not only in the best interest of current and retired telecom workers, but also Verizon. As Frank Bruzek explained at our annual meeting, "Our Association always wants Verizon to be a successful company. All actions our Association takes against Verizon are in pursuit of protecting all our retirees' hard earned pension benefits, including their health."

At the Verizon annual meeting, it was preliminarily announced this new measure achieved support of 14.6% of shareowners.

Pen$ion $tripping: $eriou$ Bu$ine$$

By Edward Stone
Association Special Counsel


Association Special Counsel Edward Stone

Pension de-risking, Pension Risk Transfer ("PRT"), and Pension Stripping — choose your favorite description — is becoming very serious business.

With the latest Verizon deal, effective March 6, 2024, and estimated at $5.9 billion, the total amount of pension liabilities that have found their way into group annuity contracts since 2012 when Verizon did its first deal with Prudential Insurance Company of America ("PICA") is now well in excess of $300 billion.

What is really troublesome to me is that the transactions themselves are becoming more secretive and stealth and less transparent. This does not bode well for retirees.

In the most recent Verizon deal, not only were pension liabilities transferred out of the Verizon Management Pension Plan and the Verizon Pension Plan for Associates (a collectively bargained plan) but pensioner death benefit claims impacting spouses and beneficiaries were also transferred.

To the extent you are impacted by the transfer of your pensioner death benefit claim, I highly recommend that you update your spousal and beneficiary information on file with Verizon and with the insurance company taking over your benefits. You should also make sure that your spouses and beneficiaries have a record of your pensioner death benefit so they can file a claim at the appropriate time.

Historically, many beneficiaries of pensioner death benefit claims were unaware of their rights and did not know how to file claims. This is an important matter that the Association of BellTel leadership should address with Prudential as soon as practicable.

Even though the March 6 deal is already inked, Prudential will not start making payments to retirees until July. There are a number of other details about the latest deal that remain murky, but we are hard at work trying to figure out as much as we can so that we can keep the Association and its members informed.

While offloading pensions to insurance companies seems to be here to stay, retirees and their advocates need to force defined benefit plan sponsors and insurance companies to be more transparent and accountable with retiree assets. After all, pensions are earned benefits and they are supposed to be protected under ERISA.

Unfortunately, once a PRT deal is cut behind closed doors, all the uniform protections intended by Congress under ERISA are lost forever. That's why Retirees for Justice is seeking to amend ERISA to restore its protective purpose and looking to state legislatures to enact responsible legislation to replace the protections that fall by the wayside when ERISA pensions morph into insurance annuities.

1,000-Plus Tune In for 2024 BellTel Meeting

Your Association's 2024 annual member meeting was held virtually, via Facebook Live and YouTube on April 16, with a fantastic turnout.

Holding the meeting virtually enabled members from across the country to attend from the comfort of their homes, while also engaging with other retirees via a live chat that was taking place.


Don Kaufmann

The event included a diversity of speakers from across the industry's footprint — from Verizon, Bell of Pennsylvania, New York Telephone, a former Executive Director of the Telephone Pioneers of America, and the Executive Director of Retirees for Justice.

Hundreds of members took part in the live broadcast, with hundreds more tuning in afterwards by viewing the full meeting and some of its various portions, all posted and available for viewing on the BellTel YouTube channel.

Meeting participants hailed from 12 states, including Connecticut, California, Colorado, Florida, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Virginia, and likely a few more places.

The hour-long meeting agenda covered topics so very critical to our collective retirement security.

Speakers addressed the recent Verizon spinoff of 56,000 union and management retirees (valued at $5.9 billion), recent litigation challenging portions of AT&T's 2023 spinoff of 96,000 of its retirees, and BellTel's 2024 proxy campaign to propose two corporate bylaw changes related to senior executive clawback and toxicity from lead cables.

Two speakers also addressed the essential efforts continuing in Washington, D.C. to push for a widening of ERISA's safety net to retirees who have had their pensions de-risked.

Addressing AT&T's recent petitions in California, Florida, Tennessee, and Illinois to be relieved of its obligation to be a carrier of last resort for landline service, Chairman Thomas Steed argued, "Landlines are lifelines, especially in rural communities and times of cellular outages, as seen in the massive, nationwide AT&T outage in February."

Stressing urgency, he explained, "If the California Public Utility Commission allows AT&T to renege on its obligation, it could set a dangerous precedent for other telecom providers in other states looking to do the same thing."

One retiree stated in the online chat function of the live meeting, "It's sad that Verizon did this (pension fund) selling under darkness. It shows how little regard Verizon has toward retired and current employees still earning a pension. Shame on the CEO… I want state regulators to see if they can take action against Verizon."

Member Steve Weinberg expressed frustrations with the transition of pension liabilities to Prudential and RGA, saying "The letter of notification about the move to RGA on July 1 is vague, confusing and references life insurance as well as pension-annuity."

BellTel Board Secretary Donald Kaufmann, speaking on Verizon's latest de-risking, explained, "ERISA no longer applies when a pension is de-risked. When ERISA goes away, so do the protections of the Pension Benefit Guaranty Corporation (PBGC) for retirees. Gone are regular disclosures about funding, performance, and reporting on the providers' financial strength."

Association Special Counsel Edward Stone addressed retiree concerns over the security of their pensions, stating, "Retirees should absolutely be concerned over this pension de-risking phenomenon."

He continued, "I don't think people should panic because your pensions aren't in any immediate danger, but since 2012 there has been more than $300 billion in pension liabilities transferred to insurance companies."

The full meeting video and some of the individual presentations by speakers have already been viewed by over 1,000 of our members, as of our news deadline.

We kindly ask you our members to never forget that the Association of BellTel Retirees is a volunteer-driven non-profit organization. Without the support of our members and volunteers, much of the Association's progress in protecting retirement security would not be possible.

Thank you to our members who joined our annual member meeting.

For those members unable to participate in the live broadcast, a full recording is available on the Association's YouTube channel now.

It Starts and Ends With You

Dear Honored Members,

We acknowledge that financial reports are not riveting reading. Please know the following information is a testament that your Association is committed to transparency with our members about our financial standing.

Our volunteer board of directors oversees all expenditures and potential expense cuts that are in the best interest of maintaining our commitment to our members.

During 2022 and 2023, our Association's financial position followed a worrisome downtrend. Together, our members and leadership must aim to increase revenues and decrease operating expenses in order to continue our advocacy to protect the retirement security of all our current and future members.

The following details highlight our internal 2023 financials. Please note that final details will be recorded when our 2023 Audit is completed and recorded.

Revenue: Our revenue is almost 100% sourced by your generous contributions. Our revenue for 2023 was $495,500, which is a decrease of 0.9% compared to $499,854 in 2022, and a 6% average annual decrease since 2020.

Expenses: During 2023, our expenses totaled $536,300, outpacing revenue. This represents an increase in expenses of 4.65% ($23,840) compared to 2022, and a moderate 5% increase since 2020.

Our financial team manages the day-to-day operations throughout the year; this includes audits, tax filings, billing, and special projects that we know are in the very best interests of our Association and its members.

We managed a strict expense budget in 2023 to control all costs – including expenses such as printing, travel, legal, communications, wages, etc. We are committed to ensuring that every dollar donated by our members is used effectively and efficiently.

For example, our Association's 2023 annual member meeting, together with the Retirees for Justice Roundtable Summit, took place in person at the Bear Mountain Inn, in the Hudson Valley of New York. Our 2024 annual meeting was held virtually on Facebook and YouTube Live. We did this to minimize the cost of our annual meeting and to enable participation across the country.

Alas, our Association is not immune to rising inflation, which in part caused increases in our expenses. The difference between 2023 revenue and expense left our Association with negative net operating revenue of -$40,800.

It is imperative that our members know that consistently operating where expenses exceed revenue is not sustainable and could jeopardize our future ability to effectively fight for your benefits and protections.

Your Association operates on two vital variables:

1. Your generous donations. Even with thousands of hours of volunteer power, we still rely on legal experts to manage our proxy campaigns, to analyze regulatory actions at the federal and state levels, and to keep a watchful eye on our former and current employers. We also provide quarterly BellTel newsletters, online communications, outreach with the news media, and a great office staff addressing our member calls, concerns, and needs.
2. Volunteer power. Without an engaged board of directors and members who are willing to step forward and do the work, we would never be able to afford to operate the successful campaigns and the comprehensive non-profit success story we are historically known for leading. To volunteer contact our office at 631-367-3067 or 800-261-9222.

> ***Together, our members and leadership must aim to increase revenues and decrease operating expenses in order to continue our advocacy to protect retirement security.***

If you are donating with a credit card, please kindly consider adding a few extra dollars to help offset 3% credit card processing fees and to ensure that your full intended donation is available to support our mission.

Important Note to ALL Active Verizon Employees! We strongly encourage active Verizon employees to donate to your Association via Verizon Foundation Matching Gifts Program. Verizon will match your gift resulting in a doubling of your donation. Call Verizon Program Support's toll-free number: (866) 247-2687. The support team is available Monday through Friday from 8:00AM to 8:00PM Eastern Time.

Please note that Verizon retirees are not eligible for matching Verizon funds when you donate to your Association. We know that senior executives at Verizon read our newsletters and our appeal letters. We do hope Verizon executives will voluntarily correct this biased policy without additional persuasion from our army of BellTel Retiree members.

We stand strong and proud with our members on common ground. We thank you in advance for your support.

Let's always stand proud and united!

Frank Bruzek, Chief Financial Officer
and Una Kelly, Treasurer

ASSOCIATION OF BELLTEL RETIREES
Department 3170, PO Box 986500, Boston, MA 02298-6500

I want to support the Association of BellTel Retirees Inc. in the fight to protect the pensions and benefits of all retirees and active employees. Enclosed is my tax-deductible donation:

❑ $100 ❑ $50 ❑ $40 ❑ OTHER ______________ We appreciate any amount you can donate

Or use your credit card: VISA MASTERCARD DISC AMEX

Acct.#__________/__________/__________/________ Expiration Date_____ Zip Code: _________

Please consider adding $1.00 or more to help offset costly transaction fees and ensuring your donation will fund the work we do on your behalf.

Name____

Address____ City/State/Zip Code_________________________

E-mail____ Telephone #_________________________________

I am a: Management retiree _____ Union retiree ______ Other _____ Company Retired from:______ Year Retired: ________

You can also donate online by going to www.belltelretirees.org and click on the DONATE NOW button.

Consider a recurring donation – an easy and safe way to budget your contribution.

The Association of BellTel Retirees Inc is a 501(c)3 tax-exempt organization.

Summer 2024

BellTel Making Headlines

With everything going on, we certainly have been making waves in the media these last few months.

An illuminating op-ed from Association board member Don Kaufmann was published on Feb. 5 by Next Avenue, a division of PBS and public media's first and only national publication for older adults. His piece, titled "Pension Stripping Threatens America's Retirees," broke down the issue of pension stripping — how it takes hold, who's doing it, and what we can do to fight it — for a broad audience of retirees across the country. It was soon after republished by MarketWatch and Morningstar.

Fellow board member Frank Bruzek also got an eye-opening op-ed about pension stripping published, this time in The Trentonian in the state capital of New Jersey. Frank's piece, titled "Don't Throw Retirees to the Wolves of Wall Street," opened with the memory of his parents' jobs and pensions being eliminated in the pre-ERISA era to emphasize the growing dangers of de-risking pensions.

In addition to those opinion pieces, BellTel achieved widespread news coverage about the pension stripping issue after Verizon announced on March 6 that it had de-risked 56,000 retiree pensions.

Several outlets were keen to understand the retiree point of view here, since the de-risking issue is typically portrayed in flattering terms by reporters learning about it from corporate spin doctors.

Reporter Remy Samuels has been a strong ally in our fight, as she has made pension risk transfers a key part of her beat at PlanSponsor, a long-trusted resource for America's retirement benefits decision makers. Her March 18 piece titled "Association of BellTel retirees points to red flags in Verizon PRT deal" put the spotlight on our opposition to Verizon's move and discussed our long-running advocacy for pension protections.

Samuels also mentioned us in her March 22 article titled "Aon projects PRT market will again climb above $40B."

Pensions & Investments, another highly respected outlet, wrote about us in a March 15 article, "Retiree Association outraged over Verizon pension buyout."

And Forbes highlighted our fight in a comprehensive piece published on April 13: "CWA Union Fights Back Against So-Called Pension De-Risking."

Our press release about the Association's response to Verizon's pension stripping deal appeared in Yahoo Finance, Morningstar, and Street Insider, among others.

Meanwhile, Chairman Tommy Steed made a TV appearance on ABC7 News San Francisco to discuss the AT&T landlines issue in California. The March 11 segment, titled "Bay Area residents outraged over possibly losing landlines: Here's more on effort to save them," lasted more than three minutes and discussed California residents' dismay at AT&T's petition to abandon its landline phone services.

As Tommy expressed to viewers, "If the entire electrical grid in the United States went dark, your landline phones will still work because the central office generates its own power automatically."

Tommy also spoke in defense of landlines at the California Public Utilities Commission's virtual public hearing on March 19.

On the print media side, our Association chairman did interviews with reporters from major outlets, including The New York Times. Although his quotes didn't find their way into the article, Tommy's insights and guidance helped inform the March 16 Times piece, titled "Landline users remain proudly 'old-fashioned' in the digital age."

Our chairman was prominently featured in MarketWatch's Feb. 27 piece "Could landlines be a necessity? The AT&T outage shows why cellphones alone may not be enough" and USA Today's Feb. 22 article "Phone companies want to eliminate traditional landlines. What's at stake and who loses?"

"Landlines are lifelines," as USA Today reporter Betty Lin-Fisher quoted Tommy.

Being active, engaged, and visible in the news is absolutely one of the strategies your Association deploys to keep Verizon and AT&T on their toes and to help educate the public on our critical points of view.

MEMBER MAIL BAG

I have been a paying member since your founding in the Fall of 1996. I feel it is my moral obligation in providing the funding you need for the operation of our Association. I was one of the 41,000 management retirees de-risked to Prudential. I have to commend you in going all out by filing our case in the federal court and appealed to the U.S. Supreme Court. Though this was unsuccessful I thank you for the effort. My final point is the 35% who are not paying your dues ought to be ashamed of yourselves. Pay up now and stop being moochers.

– Timothy P. Healy

* * *

I just gave a donation in March but am sending another donation to aid in you defending against Verizon executives. I am one of the 56,000 non-management employees transferred to Prudential and Reinsurance Group of America. Thank you for all you do.

– Jeanne M. Larson

* * *

With regard to Verizon transferring our 56,000 retirees to Prudential, this is awful! I could foresee this coming to all of us, but I am very grateful for you supporting us and staying behind us. I follow this in all the letters and memos you send me. I do foresee in the future our pensions will no longer be there for all of us. Verizon is in the wrong to do this to their retirees for their gain at all cost. Appreciate everything you do!

– Janine Marinescu

* * *

Thank you so much for what you do for retirees. I am grateful for all your help. God bless you.

– Joan White

* * *

37 years as a BellTel lineman, but I think you guys work harder than us. Thanks so much for your dedicated work; it's very much appreciated.

– Al Scott

* * *

Thank you so much in your BellTel Retirees group, for everything you do on our behalf. It is really appreciated.

– Joe Dennison

Verizon, AT&T, Industry News & Notes

FCC Violation

On April 29 the Federal Communications Commission finalized a $47 million fine against Verizon for illegally selling customers' real-time location data to third parties without consent.

The FCC punished several major carriers for this violation, including a $57 million fine for AT&T. Sprint and T-Mobile, which have merged since the investigation began in 2020, face fines of more than $12 million and $91 million, respectively.

The agency said the carriers "attempted to offload" their responsibility to obtain customers' consent to share their location data with "downstream recipients." Even after being made aware that their safeguards were ineffective, the carriers continued to sell access to location information.

Verizon spokesman Richard Young said the main issue involved "an old program that Verizon shut down more than half a decade ago," adding that the FCC order "gets it wrong on both the facts and the law, and we plan to appeal this decision."

Loyaan A. Egal, Chief of the FCC Enforcement Bureau, took a much different view.

"The protection and use of sensitive personal data such as location information is sacrosanct," Egal said. "When placed in the wrong hands or used for nefarious purposes, it puts all of us at risk. Foreign adversaries and cybercriminals have prioritized getting their hands on this information, and that is why ensuring service providers have reasonable protections in place to safeguard customer location data and valid consent for its use is of the highest priority for the Enforcement Bureau."

The FCC's action reaffirms the Association of BellTel Retirees' ongoing call to amend the Senior Executive Compensation Clawback Policy at Verizon. BellTel Chairman Thomas Steed's supporting statement for the proxy measure read, in part, "Verizon's record underscores the need for a stronger policy. For example, in 2020 the Federal Communications Commission proposed a $48.3 million fine against Verizon for selling customer data without consent."

First Quarter Performance

Verizon lost fewer net wireless phone subscribers than expected in the first quarter of 2024 and benefitted from higher prices for its plans. The company showed essentially no revenue growth, however, an indication of industrywide challenges to drive overall growth.

The company lost 68,000 monthly bill-paying wireless phone subscribers between January and March, compared with a loss of 127,000 in the first quarter of 2023.

Verizon has partnered with streaming services like Disney, Netflix, and Max to attract customers, and it said that a majority of its customers were opting for its premium, customizable myPlan option.

The company's revenue rose 0.2% to $32.98 billion, slightly missing the $33.23 billion expected by analysts, as phone upgrade levels continued to drift lower. Customers are holding onto their phones longer due to economic uncertainty and a lack of new features, industry analysts said.

Still, total wireless revenue rose 3.3% year over year thanks to higher prices that nearly all its customers absorbed.

Verizon's consumer business saw its best first-quarter performance since 2018. The company posted 389,000 broadband net additions, which included 53,000 Fios Internet net additions.

Verizon also disclosed fixed-wireless revenue for the first time: $452 million for the first quarter, up $197 million from its year-prior total. With fixed-wireless access, carriers use radio frequencies instead of cables to deliver broadband service to customers. Wireless carriers have been making a bigger push into this area lately.

California Dreamin': Save AT&T Landlines

There is a dangerous movement underway in the transition from the old to new phone industry that is as alarming as a 911 call. In fact, it poses a danger for millions of Americans to be able to make 911 calls at all.

In California, AT&T is asking utility commissioners and state legislators to eliminate its responsibility to maintain and offer traditional landline service, or its obligation as "Provider of Last Resort." They argue that the vast majority of people are switching to wireless cell phone services and that landlines are no longer necessary.

Photo credit: SaveLandlines.org

Yet millions of people, especially seniors, still use both. And for those who've experienced power outages the landline is often the only dependable means to call a friend or neighbor, or use 911 in an emergency. In addition, many people live in areas where cell phone service is spotty because of the lack of sufficient cell towers.

How ironic it is that two days after your Association wrote a letter to the California Public Utilities Commission demanding they reject the AT&T proposal, a nationwide cellular outage occurred affecting 1.7 million users. It was the result of an internal company error as AT&T worked to expand its network.

For those impacted, only those of us with landlines could stay in touch with loved ones or even contact first responders. In fact, local emergency response agencies urged people to use their landlines. It's important to add here that landlines are often needed for home-alarm systems, building elevators, and emergency call boxes.

Consumer groups across the board agree that landlines are still a lifeline for too many Americans to be abandoned in this manner. We stand in solidarity with communications workers and their unions across the country, each fighting to preserve a telephone network that remains accessible and affordable to all.

Susan Weinstock of the Consumer Federation of America noted in a recent USA Today article that many senior citizens are adept at new technology, including cell phones, but they just prefer the landline – and should have access to one that's also affordable.

Another advocate said, "Traditional landlines have provided reliable service for over a century, and while many consumers have adopted new technologies, not all have access to affordable alternatives to landlines."

Association Chairman Thomas Steed spoke out widely on the issue, explaining to New York Times reporter Michael Levenson that copper-wire and fiber-optic landlines remain a durable, 100-percent reliable solution, especially during emergency situations. He was also interviewed by MarketWatch, USA Today, and ABC7 San Francisco.

Truthfully, this move by AT&T is purely an effort to fatten the bottom line of a corporation that has no interest in prioritizing its most vulnerable customers. AT&T is willfully ignoring the many dangers that would result from prematurely eliminating landline service to customers who depend on it. And make no mistake: other carriers who built landline systems will follow along.

The Association's board believes that this is a cloaked attempt for traditional phone companies to walk away from and eliminate the jobs of thousands of union technicians and managers that maintain the system and its critical infrastructure.

Another critical and often overlooked component is that it is the ratepayers of that very landline system that funded the research, development, and build-out of the satellites, cell towers, and network that AT&T now recognizes as its cash cow. They simply cannot be allowed to abandon the people, communities, and ratepayers that created this reliable system in the first place.

The California Public Utilities Commission is expected to make a decision on AT&T's petition in September.