THE RETIREE GUARDIAN

"the voice of 48,000 retirees in all 14 U S WEST/Qwest states"

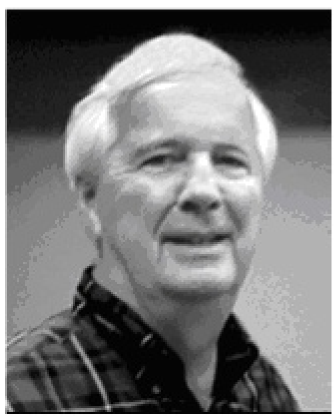
Newsletter of the Association of U S WEST Retirees

www.uswestretiree.org or www.qwestretiree.org

2008 Issue 3

Qwest Threat to Eliminate Life Insurance

"It's real shocking to me a corporation would be this crass . . . so open and blatant in its threats," said Nelson Phelps, AUSWR Executive Director, when interviewed by a *Denver Post* reporter about the recent filings in the *Kerber v. Qwest Group Life Insurance Plan* case pending in Denver federal court.



Nelson Phelps, AUSWR Executive Director

"I think what they're trying to do is scare us," Phelps stated when responding to the Qwest Communication threat included in their June 30, 2008 filing.

In a brief filed with Denver U.S. District Court Judge Walker Miller in the *Kerber* lawsuit, attorneys representing Qwest Communications stated that if plaintiffs prevail "Qwest would need to consider terminating the Life Plan benefits for Eligible Retirees altogether in an effort to recoup" [the amounts it would have saved from placing a $10,000 limit on retirees' life insurance benefits]… "as a result, by pursuing these claims, the seven named plaintiffs are playing dice with the life insurance benefits of the nearly 50,000 retirees they purport to represent."

Curtis L. Kennedy, AUSWR litigation attorney, responded to the Qwest threat by filing a legal paper reiterating the pending request for class certification.

In that paper, Kennedy reminds the Denver Federal Judge that in this case, "I've asked the court for permanent injunctive relief to prevent Qwest from retaliating against anyone."

(...continued on next page…)

WE WERE THE OPERATORS AND REPAIR CLERKS, THE INSTALLERS AND LINEMEN, THE ENGINEERS AND NETWORK PLANNERS, THE CRAFT AND MANAGEMENT EMPLOYEES OF EVERY DESCRIPTION WHO BROUGHT TELECOMMUNICATIONS TO THE HOMES, BUSINESSES, AND INSTITUTIONS OF 14 STATES. NOW WE ARE UNITED IN OUR COMMITMENT TO PRESERVE AND ENHANCE THE RETIREMENT BENEFITS PROMISED TO US AND TO THOSE WHO FOLLOW US AS TODAY'S ACTIVE EMPLOYEES.

Qwest Life Insurance Threat

(...continued from page one…)

The paper is posted on the AUSWR website at: www.uswestretiree.org/Docket92-1-Plaintiffs ReplyBriefForClassCertification&Ex1.pdf.

The *Kerber v. Qwest Group Life Insurance* lawsuit was filed on March 30, 2007 by Edward J. Kerber, an Oregon U S WEST retiree, and six other retirees after Qwest reduced the basic life insurance coverage to $10,000. The plaintiffs are seeking to have their case certified as a class-action lawsuit. Among the plaintiffs' claims is the contention that rules of the benefits plan prohibited Qwest from reducing coverage below the stated minimums.

Retirees contend that the rules had stated that basic life insurance benefits "shall not be reduced below" $20,000 for any retiree who retired before January 1, 1996 and basic life insurance benefits "shall not be reduced below" $30,000 for any retiree who retired on or after January 1, 1996.

Following the Qwest threats, AUSWR leaders spoke out in several states.

"This is retaliation," said Judy Stenberg, president of the Pension Equity Council, the AUSWR affiliate in Washington and Oregon.

"They are threatening us just for exercising our legal rights to protect what we've earned. I earned that benefit. I stayed with the company because I believed I was earning these benefits. Now, they're threatening to take that from us," Stenberg stated.

Irene Chavira, a former U S WEST New Mexico vice president, and president of the Telephone Retirees of New Mexico, said that many of the people affected by Qwest's reduction of the benefit were employees of U S WEST, and even of Mountain Bell.

"These retirees have been counting on these life insurance benefits and maybe had made decisions not to buy other policies, because they had those benefits. Prevailing would mean we were correct in our premise, that we are entitled to and had earned those benefits," Chavira said.

The life insurance program was created before the 1984 divestiture of AT&T into seven regional telephone companies.

Kennedy's thorough investigation during the Kerber case has uncovered evidence that Qwest has <u>not</u> adversely affected <u>all</u> retirees. Qwest is secretly and discriminatorily providing favoritism to numerous "select" former executives whose life insurance under the Plan is not being reduced. Kennedy says, "It's just another example of Qwest's cavalier violation of ERISA and the clear terms of the group life insurance plan which mandate all Plan participants must be treated in the same manner."

Where does it say Qwest cannot discriminate?

Curtis Kennedy responds to the question, "Show and explain where in the Plan there is a prohibition on discrimination." It's found in Section 8.6 on page 24 of the Governing Plan Document which is posted at the AUSWR website: http://www.uswestretiree.org/1998-U~1.PDF:

> "The Committee [i.e., Plan administrator and fiduciaries] shall exercise its discretion and authority and shall apply the provisions of the Plan in a uniform and non-discriminatory manner so that all persons similarly situated shall be treated alike."

(bracketed portion added). With that stated prohibition, I don't know how Qwest can justify giving discriminatory - more favorable - group life insurance treatment to certain former executives and their beneficiaries. Nevertheless, Qwest is not reducing to a flat $10,000 the group life insurance for at least several dozen former executives.

Send Your Letter to CEO Mueller

The NRLN created the message below and sent it to all AUSWR members who subscribe to our email services. Hundreds of letters went to Qwest CEO Ed Mueller protesting the threats to retirees in the Kerber life insurance case. You can add to our voice of protest by sending your letter.

To be kept up-to-date on all retiree actions via email, please contact your state membership person.

Please clip the letter below, sign your name and send to Qwest CEO Ed Mueller telling him your opinion of the threat made to eliminate life insurance benefits for all retirees should we win the lawsuit to restore our life insurance benefits. —This letter is a suggestion, feel free to say your own words in a letter to Mueller.

Mr. Ed Mueller, Chief Executive Officer
Qwest Communications
1801 California,
Denver, CO 80202
Date: ___________________

Dear Mr. Mueller:

I am a U S WEST / Qwest retiree and I am writing to express my outrage over the threats to totally eliminate the life insurance benefit for retirees. The threats were made in a legal brief filed in Denver Federal Court by company attorneys on June 30, 2008 in connection with the *Kerber v. Qwest Group Life Insurance Plan lawsuit.*

In the Qwest brief in response to the retirees' request to certify their case as a class-action lawsuit, your company's attorneys stated that if plaintiffs prevail in their lawsuit "Qwest would need to consider terminating the Life Plan benefits for Eligible Retirees altogether in an effort to recoup the amounts it would have saved" from placing a $10,000 limit on retirees' life insurance benefits. Furthermore, the Qwest brief stated: "As a result, by pursuing these claims, the seven named plaintiffs are playing dice with the life insurance benefits of the nearly 50,000 retirees they purport to represent."

If you are not familiar with this issue, here is a description of the situation. The Qwest Group Life Insurance Plan had promised that retirees who retired before January 1, 1996 would have a life insurance benefit of $20,000 and those retiring on or after January 1, 1996 would have a life insurance benefit of $30,000.

If you were aware of the threats in this legal brief before it was filed, shame on you for allowing it to go forward. I consider it a blatant attempt by Qwest to intimidate not only the plaintiffs but also all U S WEST and Qwest retirees who have had their life insurance benefits reduced. The threats are another example of the utter disregard that Qwest has for the men and women who devoted the major portion of their lives to building the company that is providing you with more than $17 million in compensation. I believe you should renounce the threats in the legal brief, apologize to all U S WEST / Qwest retirees, and provide assurance that their life insurance benefit will not be totally eliminated no matter the outcome of the lawsuit.

Sincerely,

Qwest Stockholders' Meeting

Qwest Communications shareholders won greater control over some executive severance agreements at the annual shareholders meeting May 22 in Denver.

AUSWR members, Hazel Floyd, Jackie Prokesh, and Rich Schneider offered the measure that was passed. Shareholder approval will be required for severance agreements with a total value exceeding 2.99 times the sum of an executive's base salary plus target bonus. It passed with 54 percent of the vote.

Then stockholders peppered Qwest CEO Ed Mueller and Qwest Board of Directors with questions about retiree benefit cuts and top management perks.

One angry retiree after another told the Qwest executives that their pensions and benefits have lost value, even as Chief Executive Ed Mueller received an annual compensation package valued at $17.4 million.

Donnetta Mitchell, leader of the Utah, Idaho, Montana AUSWR retirees, questioned the decisions that caused broken promises to those who earned the benefits.

Nelson Phelps, AUSWR Executive Director, said "retirees received a 2.8 percent average increase in the pension in 1996 --the last increase that has been granted." Phelps asked the board to consider a request to increase pensions.

Nelson Phelps asked the Qwest Board of Directors to consider a pension increase.

"Retirees received an average 2.8% increase in 1996."

"I really wonder if you in senior management at Qwest are in the same loop as the rest of us," said Mary Ann Neuman, who heads the AUSWR NWB retiree group.

And, at least one retiree noted, Qwest continues to pick up the legal tab for ex-chief Joe Nacchio, who is appealing an insider trading conviction and battling civil fraud charges.

Several other retirees echoed concerns about Mueller's compensation package, which included use of the corporate jet for family travel including transporting his daughter back and forth weekly to attend high school in California.

Also questioned was Qwest's agreement to buy Mueller's home in California as part of his relocation package. Qwest purchased his house for $8.9 million in September and sold it in December for $7.1 million for an incremental cost to the company of $1.8 million.

Excerpts from the *Denver Post* and the *Rocky Mountain News* were used in this article.

Check Your Account —Again!

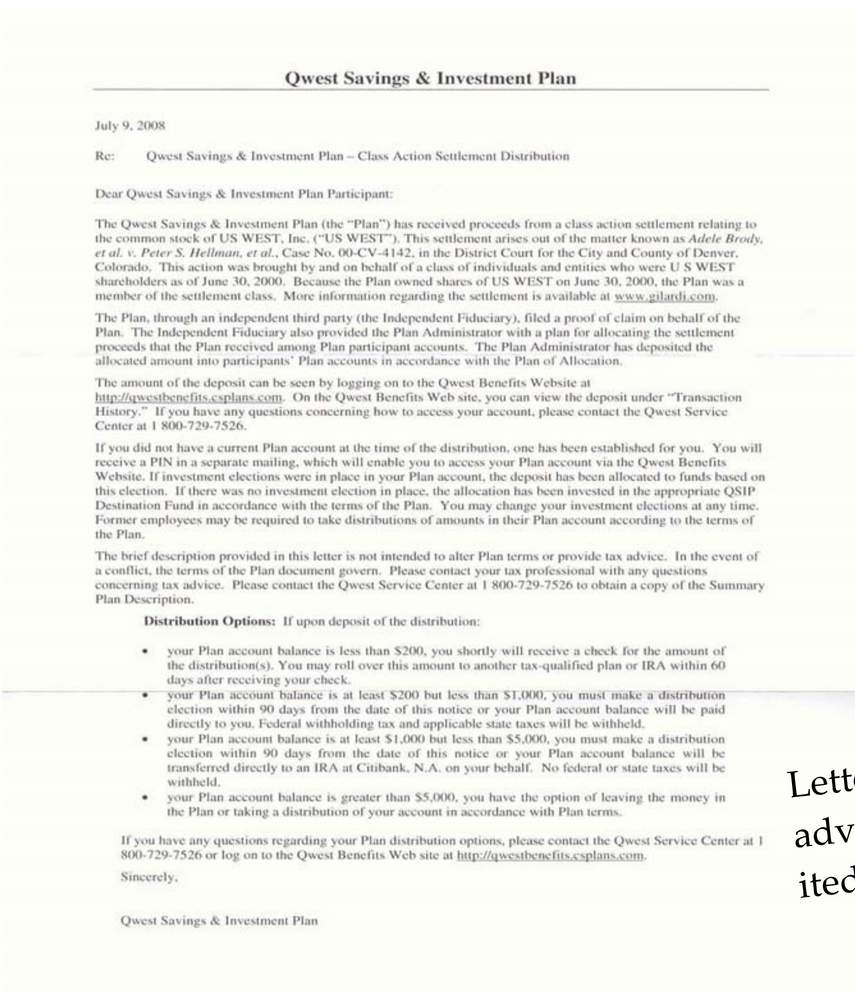
Another Stock Settlement

Did you own Qwest stock in the year 2000? Were you a participant in the Qwest Savings & Investment Plan (QSIP) in 2000? If yes, you may have funds waiting in an account for you.

Another Qwest stock settlement case distributed funds to stockholders a case earlier this year. This settlement resulted in deposits added to stockholder settlement accounts …or new accounts being set-up for those who had previously closed their accounts. The *Retiree Guardian* 2007 Issue 4 listed a summary of the multiple settlements. For a copy of that article, please contact your state editor.

Qwest sent letters to some current and former stockholders giving advice on how to access the funds. Some stockholders received a letter dated May 19 and some received a letter dated July 9. Many retirees report they received nothing, but were told about the settlement funds from friends.

Qwest contracted Citibank to set-up and maintain the settlement fund accounts. Citibank charges $5.75 per month in fees even though you may unaware that you have the money in the account.



Qwest Savings & Investment Plan

July 9, 2008

Re: Qwest Savings & Investment Plan – Class Action Settlement Distribution

Dear Qwest Savings & Investment Plan Participant:

The Qwest Savings & Investment Plan (the "Plan") has received proceeds from a class action settlement relating to the common stock of US WEST, Inc. ("US WEST"). This settlement arises out of the matter known as *Adele Brody, et al. v. Peter S. Hellman, et al.*, Case No. 00-CV-4142, in the District Court for the City and County of Denver, Colorado. This action was brought by and on behalf of a class of individuals and entities who were U S WEST shareholders as of June 30, 2000. Because the Plan owned shares of US WEST on June 30, 2000, the Plan was a member of the settlement class. More information regarding the settlement is available at www.gilardi.com.

The Plan, through an independent third party (the Independent Fiduciary), filed a proof of claim on behalf of the Plan. The Independent Fiduciary also provided the Plan Administrator with a plan for allocating the settlement proceeds that the Plan received among Plan participant accounts. The Plan Administrator has deposited the allocated amount into participants' Plan accounts in accordance with the Plan of Allocation.

The amount of the deposit can be seen by logging on to the Qwest Benefits Website at http://qwestbenefits.csplans.com. On the Qwest Benefits Web site, you can view the deposit under "Transaction History." If you have any questions concerning how to access your account, please contact the Qwest Service Center at 1 800-729-7526.

If you did not have a current Plan account at the time of the distribution, one has been established for you. You will receive a PIN in a separate mailing, which will enable you to access your Plan account via the Qwest Benefits Website. If investment elections were in place in your Plan account, the deposit has been allocated to funds based on this election. If there was no investment election in place, the allocation has been invested in the appropriate QSIP Destination Fund in accordance with the terms of the Plan. You may change your investment elections at any time. Former employees may be required to take distributions of amounts in their Plan account according to the terms of the Plan.

The brief description provided in this letter is not intended to alter Plan terms or provide tax advice. In the event of a conflict, the terms of the Plan document govern. Please contact your tax professional with any questions concerning tax advice. Please contact the Qwest Service Center at 1 800-729-7526 to obtain a copy of the Summary Plan Description.

Distribution Options: If upon deposit of the distribution:

- your Plan account balance is less than $200, you shortly will receive a check for the amount of the distribution(s). You may roll over this amount to another tax-qualified plan or IRA within 60 days after receiving your check.
- your Plan account balance is at least $200 but less than $1,000, you must make a distribution election within 90 days from the date of this notice or your Plan account balance will be paid directly to you. Federal withholding tax and applicable state taxes will be withheld.
- your Plan account balance is at least $1,000 but less than $5,000, you must make a distribution election within 90 days from the date of this notice or your Plan account balance will be transferred directly to an IRA at Citibank, N.A. on your behalf. No federal or state taxes will be withheld.
- your Plan account balance is greater than $5,000, you have the option of leaving the money in the Plan or taking a distribution of your account in accordance with Plan terms.

If you have any questions regarding your Plan distribution options, please contact the Qwest Service Center at 1 800-729-7526 or log on to the Qwest Benefits Web site at http://qwestbenefits.csplans.com.

Sincerely,

Qwest Savings & Investment Plan

Letter from Qwest to stockholders advising settlement funds deposited to QSIP accounts.

If you suspect that you are entitled to some of the recent settlements funds, please check on your account status.

Call the Qwest Service Center at 800-729-7526 to check your account.

To access your account you must have a PIN number. A separate mailing sent the PIN number to you.

If you do not have a PIN number, **Contact the Qwest Service Center 800-729-7526.**

You must have your Social Security number for the Qwest Service Center to help you.

AUSWR Leaders Meet With Qwest Executives

Dialogue started between Qwest CEO Ed Mueller, and AUSWR leaders, Mimi Hull and Nelson Phelps, in a meeting June 12 at the Qwest headquarters in Denver.

Mueller invited Mimi and Nels to meet with him following introductions at the annual Qwest Shareholders meeting in May. *(See related story on page 4)*. Included in the June meeting was Teresa Taylor, Chief Administrative Officer and Human Resources Executive Vice President.

The agreed agenda included these items:

- Pension increase- none since 1996;
- What can we do to obtain a firm statement from the company outlining the benefits retirees can count on for the rest of their lives? (i.e., not subject to change at the whim of each Executive upheaval)
- Health Care- Post 90 retiree changes in light of the EEOC ruling *(see related article on page 9)*; cutting prescription costs for both the Company and the retiree; When was the last time an alternative to United HC was evaluated?
- Pending Federal litigation- Are you interested in serious Settlement negotiations in the Pension Death Benefit and Life Insurance cases?
- Board position on implementing proxy proposal limiting the severance pay of Chairman/ Chief Executive
- What can the retirees do for Qwest?
- Would you consider being the keynote speaker at the CO/WY Association of US West Retirees CO/WY annual meeting on Oct 18, here in Denver?

Mimi and Nels reported an open one-hour plus discussion was held on most of the topics. Mueller quizzed them on retiree priorities.

"A pension increase would be a top item," Nels advised Mueller. No agreements or follow-up meetings are planned.

Nacchio Appeal Sept 25

The *Rocky Mountain News* reported August 14, 2008, that a veteran Supreme Court attorney will represent the government in the full appellate court case against former Qwest CEO Joe Nacchio in September.

excerpt by Jeff Smith, *Rocky Mountain News*
A federal jury found Nacchio guilty in April 2007 of 19 counts of insider trading. He was sentenced to six years in prison, but is free on $2 million bail pending his appeal.

Edwin Kneedler, 62. who is the principal deputy solicitor general for the U.S. Department of Justice argued his 100th case in front of the U.S. Supreme Court this year. U.S. Attorney for Colorado Troy Eid said, "one of just eight people in history to do so."

Federal prosecutors secured a key victory last month when the full 10th Circuit Court of Appeals agreed to hear the government's appeal in the Nacchio case. Prosecutors are challenging a 2-1 appellate panel ruling earlier this year to throw out Nacchio's insider-trading conviction and order a new trial. The panel decided a defense witness was improperly excluded from offering expert evidence at Nacchio's federal trial last year.

The full appellate court, which agrees to only a handful of requests a year, will take up the issue on Sept. 25 and consider whether to uphold the Nacchio conviction.

Qwest Executive Rewards

The *Rocky Mountain News* reported executive salaries in a June 2008 article under the headline, "**Performance pay sends salaries into higher orbit - Execs' rewards overshadow raises given typical worker.**"

Examining the salaries and bonuses of Qwest executives might be better given a headline of "**Exorbitant pay for poor performance**."

Here are some of the dollars paid to Qwest high-level executives:

- **Executives with option grants valued at $3 million or more:**
  * Edward A. Mueller, Qwest chairman and CEO $8,602,400
  * Richard C. Notebaert, Qwest former chairman and CEO $4,548,370
- **Cashing out - Executives who made more than $6 million from stock option profits:**
  * Richard C. Notebaert, Qwest former chairman and CEO $22,201,901
- **"Best-paid female executives - Their rank in relation to the Top 50:**
  * **71.** Paula Kruger, Qwest executive vice president, mass markets group $2,510,176

Former Qwest CEO Richard Notebaert left Qwest Communications in early 2007, but not before exercising $22.2 million in options and receiving just over $8 million in severance pay for an estimated total of more than $140 million for five years employment.

Qwest stock continues 2008 free-fall

Qwest acquired US WEST in 2000 and in recent years has struggled. In August Qwest posted second quarter earnings for the year which showed a 24% decline in income as its central telephone business lost customers.

Qwest claims that intense competition in some markets is the reason for the decline in income which is interesting considering that they have often cited competition as the reason that they have raised prices.

The stock is at its lowest since late 2005 and closed at $3.86 August 14.

Qwest stock prices 2008 Year-to-Date

Source: *MSN Money*

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Shingles Vaccine

By Howard Rickman
Email: Teach39035@aol.com
Ombudsman-AUSWR -- Retiree Advocate

In a recent Retiree Advocacy column we reported that the Shingles vaccine shot was not covered by United Healthcare because only "approved" injectables such as insulin were available.

Again contact with United Healthcare and Qwest Benefits told us that the Shingles shots are not covered. We persisted and after further review, we were told that the Shingles vaccine shots --at least the medication --are covered.

However, the Shingles vaccine cannot be ordered from Medco. You should have your physician write a prescription and arrange a time to give you the injection. Fill the prescription at your local pharmacy and return to your physician for the injection. Send the receipt for the medication to United Healthcare using the Medical Care Claim Form that is used for any locally purchased prescription. You will receive the 80% reimbursement.

If you have problems with this process, notify the Qwest Benefit office (see below). They have assured us they will take care of it.

Several retirees responded to the article covering Shingles shots in the last issue of the *Retiree Guardian*. Following are examples of some of the e-mails explaining how the process worked for them.

- "An article appeared in the last issue of the "Guardian" stating that UHC will not cover the cost of the shingles vaccine. I had my vaccine a few days before reading the article, after being told by UHC that it would be covered as long as I was at least 60 years old. I am happy to say that they DID cover it, and I got the reimbursement check today."
- "I went ahead and received the vaccine and later Qwest did not pay for it. The vaccine was $200, I called the Qwest Benefit Office and told them what had happened. They assured me that a mistake had been made, and they would pay $160. They followed through with the payment."
- "I am a retiree of U S WEST, and turned 60 years old last month. I called United Healthcare twice prior to my birthday to ask if the Shingles vaccine was covered under my plan and was told "yes, as long as you are at least 60 years old when the shot is given, it is covered". I have a claim being processed now."

RETIREE ADVOCATES "Here to Help You"

►If you have questions about your benefits, contact the **Qwest Benefit Office** at **1-800-729-7526**
►Select **Option 2** for retirees, then select the appropriate options on the menu
►The address for the Benefit Office is: **Qwest Benefits, 1801 California St., Denver, CO 80202**
►*If you are unable to resolve your problem after contact with Qwest*, contact your **Retiree Advocate:**

AUSWR Retiree Advocates

Arizona	Don Gillespie	602-275-4213
Colorado/Wyo	Jim Heinze	303-442-1831
Idaho/Montana	Shirley Moss	208 342-3449
Iowa/So Dakota	Vikki Farrand	605-332-3670
Nebraska	Milt Jenner	402-333-4455
New Mexico	Cassie Kelley	505-298-8666
No Dakota	Arnie Pauls	701-451-0771
Minnesota	Barb Hermanson	763-757-4985
Oregon	Barbara Brown	541-382-5544
Oregon	Howard Rickman	503-646-4848
Utah	Dick Johnson	801 963-6220
Utah	Byron Lemmon	801 295-4653
Washington	Shirley Jones	206-368-8686

The NRLN Clarion Call...

Working To Overturn EEOC Rule

by Bill Kadereit, President
National Retiree Legislative Network

The National Retiree Legislative Network (NRLN) began fighting in 2004 against the Equal Employment Opportunity Commission (EEOC) Rule that allows employers to reduce or eliminate healthcare benefits once retirees turn age 65 and become eligible for Medicare benefits.

The EEOC's purported reasoning was that by allowing employers to discriminate and treat older retirees less favorably, employers might have an incentive to continue to offer healthcare benefits for younger retirees and active employees. However, nowhere in the EEOC Rule or elsewhere is it written that those under age 65 have any assurances this will happen.

Bill Kadereit, President NRLN

NRLN National Retiree Legislative Network

The NRLN believes the EEOC has overstepped its authority and legislated a law rather than fulfilling its role to protect older retirees under the Age Discrimination in Employment Act (ADEA) passed by Congress in 1967.

The NRLN will spearhead the effort to gain legislation to overturn the EEOC rule. I have sent a letter to Congressional Leaders and to the Chairs and Ranking Members of U.S. Senate and House Committees who deal with legislation on retirement issues. I pointed out that it appears to retirees that the Executive Branch (the EEOC agency) has run roughshod over the intent of Congress by publishing its Rule.

I raised the question, "How can the agency that was created to prevent discrimination issue a policy that discriminates on the basis of age?"

The NRLN's Washington staff has been contacting members of both the House and Senate on the relevant committees to emphasize the unfairness of the EEOC Rule to retirees who worked hard to earn health care benefits beyond age 65.

A Congress that sets the law must defend that law, not abdicate to a federal agency. Abdicating dilutes the concept of the separation of powers. Over the years the Judicial, Legislative and Executive Branches have managed to create a free for all approach.

Unfortunately, some members of Congress have bought into the EEOC's false premise that, "***If companies are allowed to "coordinate" employer-sponsored benefits with Medicare benefits, their costs will be lower and retirees will be OK.***"

<u>Nowhere</u> does anyone say "Supplement Benefits" as it does in the company plan that pays the difference between what a retiree gets now and what Medicare will pay.

"Coordinate" means "Carve Out." Company plans will pay only after Medicare benefits have been removed or carved out. If the retiree plan pays 80%, as does Medicare, the company plan pays nothing. Paying Medigap insurance premiums may also be required.

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NRLN Works to Overturn EEOC Rule

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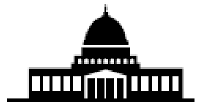

Some of our elected representatives have the mistaken notion that under the EEOC Rule retirees over age 65 will have the Medicare safety net and there is no need for them to be concerned. It is questionable whether they have considered these two points:

- Every retiree who is covered by a company-sponsored prescription drug plan that does not include a deductible of $275 and does not have a doughnut hole are most likely going to get one of each!
- The worst damage is that all over 65 will lose catastrophic coverage. It is not provided as a Medicare benefit. Retirees' assets and peace of mind have been protected by an out-of-pocket limit; under the EEOC rule, at age 65, both assets and peace of mind are at risk!

The NRLN has pursued a 4-year course against the EEOC discriminatory ruling. During the period when the EEOC accepted public comment, the NRLN characterized why it would be detrimental to current and future retirees. We have continued to condemn the EEOC's action by pointing out that more than 10 million American retirees who rely on employer-sponsored healthcare and prescription drug plans stand to be hurt by the EEOC's Rule.

We commended the AARP for its lawsuit against the Rule. On March 24, 2008, the U.S. Supreme Court turned down the AARP's appeal of lower court decisions supporting the EEOC Rule, thus allowing the Rule to stand. The NRLN issued a news release vowing to mobilize America's retirees in an effort to have Congress pass legislation to overturn the EEOC Rule.

You are probably wondering why such a age-discriminatory ruling would make its way into law. A reliable source that the NRLN has in the nation's capital has informed me that it was the business community that lobbied hard and insisted that the EEOC issue the Rule allowing employers to cut off benefits at Medicare-eligibility age.

The AFL-CIO, with support from some of its affiliated unions, joined with the business community and really worked the issue both with the EEOC and on Capitol Hill. As far as the NRLN knows, neither the CWA nor IBEW was among the supporters. The heavy lifting was done primarily by the business community.

There is much work ahead as the NRLN endeavors to identify Senators and Representatives sympathetic to the plight of retirees under the EEOC Rule. We need to find lawmakers to have the courage to go against big business and union lobbyists by sponsoring legislation to overturn the EEOC's thus far successful effort to create law.

I encourage you to seek out opportunities to talk about the damage that will be done by the EEOC Rule with your Senators and Representatives—especially those who are up for re-election this year. Also, be prepared to write to your members of Congress when the NRLN sends out an Action Alert. If you are not already receiving emails from the NRLN, sign up as a Grassroots Network Member by going to the NRLN website home page at www.nrln.org and click on the link in the article about the Grassroots Network.

We must work together to protect the benefits we've earned through years of dedicated service.

The National Retiree Organization (NRLN) is a non-partisan, grassroots coalition of retiree associations, individual retirees and pre-retirees devoted to enacting federal legislation to protect pension plans and retirement healthcare benefits. With support from its more than 2 million members and Washington, DC-based staff, the NRLN identifies and rallies support for Federal legislation will guarantee fair and equitable treatment of retirees from the private and public sectors.

Lucent Retirees Health Care Victory

Federal Judge Rules Lucent Violated Law By Failing To Maintain Medical Benefits For Retirees

A federal district court judge has ruled that Lucent Technologies, now known as Alcatel-Lucent, violated the requirements of Section 420 of the Internal Revenue Code in administering its health care plan for management retirees during the period 1999-2006.

Lucent retiree plaintiffs had charged in a lawsuit filed on October 24, 2005 that, following several transfers beginning in September 1999 of excess pension assets to a retiree health care trust, Lucent failed to meet its "benefit maintenance" obligations for the years 1999 through 2003 and its "cost maintenance" obligation for the years 2004 through 2006, as mandated by plan provisions incorporating these requirements of Internal Revenue Code Section 420.

In a 40-page opinion released June 12, 2008, U.S. District Judge Peter G. Sheridan ruled that the federal Employee Retirement Income Security Act (ERISA) statute and the intent of Congress were very clear.

The lawsuit challenged Lucent's reductions and terminations of retiree medical and prescription drug benefits, as well as increased co-pays and increased contribution requirements after the company made transfers from the management pension trust fund totaling $ 888.2 million to offset Lucent's obligations to pay for retiree medical benefits. Congress enacted strict conditions to ensure that participants did not experience benefits reductions at the same time the funding of their pension plan was being tapped by the employer.

"This is a significant victory for Lucent retirees who have seen the cost of their company-sponsored health care insurance increase substantially since 2000," said Alan Sandals, lead attorney for the Lucent retirees. "While the court believed that the evidence assembled so far only permits a determination of a violation during the year 2003, we believe that further discovery and analysis will lead to findings of violations during other years as well."

"We commend the Lucent retirees and their attorneys for standing up for the rights of all Lucent retirees," said Andy Guarriello, President of the Lucent Retirees Organization. "

To read the full press release, go to: http://www.lucentretirees.com/docs/Judge's%20ruling%206.8.08.htm

Health Care Reform

by Barbara Wilcox,
Secretary, AUSWR Colorado/Wyoming

***Ed. Note:** This article is a follow-up to the Retiree Guardian 2007 Issue 2 in which Barbara Wilcox and Hazel Floyd reported to you on their meetings with Qwest Human Resources executives about*

A lot has happened since I last reported to you on health care reform activities. The need for reform has taken a prominent place on the national stage with presidential candidates debating how we, as a nation, can make affordable health care available to all Americans.

At the same time, the EEOC ruling that allows companies to reduce or eliminate the health insurance they provide retirees to supplement Medicare has been upheld in the courts. At present, we do not know what action Qwest will take, if any, as a result of the EEOC ruling.

Our interactions with Qwest on health care reform have also changed and evolved. In 2007, AUSWR Regional Vice President Hazel Floyd and I were meeting with Qwest executives Teresa Taylor and Erik Ammidown from time to time to discuss reform initiatives and ways in which AUSWR and Qwest might work together to support needed reforms.

Our last meeting with Taylor and Ammidown took place March 2008 when we were informed that Qwest is no longer seeking to support specific pieces of health care reform legislation. Instead, Qwest joined several alliances involved in health care reform. (See box below) .

We were encouraged to keep in touch via email to exchange information, which we are doing.

You may have noticed that Qwest has resumed sending the *Looking Forward* health newsletter to retirees. We have urged Qwest to keeping sending it, and we have given them feedback on its content. The August issue has many useful tips for healthful living.

Some of the groups Qwest is working with for health care reform:

National Coalition on Benefits http://www.coalitiononbenefits.org/
Better Health Care Together http://www.betterhealthcaretogether.org/
Corporate Health Care Coalition www.corporatehealthcare.org
Value Driven Health Care, a program of the US Department of Health and Human Services http://www.hhs.gov/valuedriven/employers/

Hazel and I continue to serve as AUSWR representatives on the national NRLN Health Care Advisory Committee. This committee reviews pending health care legislation and advises NRLN on positions we think it should take. Hazel and I keep Qwest informed of the positions the NRLN committee recommends and the actions NRLN is taking.

You can review the NRLN Health Care Advisory Committee's health care legislation evaluations at: www.uswestretiree.org/healthcare.htm. Additional information is available on the NRLN website at: http://nrln.org/.

Financial Firms Trying To Buy Pension Plans

Special to the Retiree Guardian
by Bill Kadereit, NRLN President

An August 5, 2008 article in *Business Week* has drawn attention to the fact that financial firms have been attempting to lay the groundwork to gain government approval to buy out pension plans. According to the article some of the world's biggest investment banks, insurers, hedge funds, and private equity shops have been working in Washington, D.C. to gain control of $500 billion worth of pension plan assets. These are the same financial entities who handle the mortgage markets.

"We cannot help but be suspicious that this is a profit-driven motive and is not in the best interest of retirees,...

__NRLN letter to Congressional Committee Leaders

The U.S. Treasury Department and the I.R.S. in a joint decision ruled that employers cannot transfer employee funds in pension plans to an unrelated entity without also transferring significant business assets, operations or employees. The ruling apparently is directed toward preventing transfers of tax-qualified pension plans to unrelated firms that only operate the plans, such as financial firms.

On its face, the Treasury ruling seems to throw cold water on the financial firms' efforts to buy out "frozen" pension plans. However, Treasury, the Labor Department, the Commerce Department and the Pension Benefit Guaranty Corp have developed guidelines for new legislation that would permit transfers where the transaction is in the "best interest of plan participants, their beneficiaries, employers and the pension insurance system."

The NRLN's position has been that the proposed buyouts of corporate pension plans are a dangerous idea that would lead to diminished pension benefits. Among our main concerns is that shareowners of financial companies would expect executives to maximize profits and the firms would have no loyalty to retirees and the employees who will be future retirees.

The NRLN first became aware of this activity by financial firms last October and sent letters to Congressional Committee Leaders opposing the idea. "We cannot help but be suspicious that this is a profit-driven motive and is not in the best interest of retirees," the NRLN letters questioned.

The NRLN will keep a watchful eye on whether such legislation is introduced. If it has the potential to be a threat to retirees' pension security, our Grassroots Network members will be called on to help the NRLN mount a campaign against the proposed legislation.

To join the NRLN Grassroots Network, go to the website: www.NRLN.org