2009 Issue 4

THE RETIREE GUARDIAN

"the voice of 35,000 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

INSIDE

Keeping A Close Watch On The Qwest Pension Plan Financials

For those of you who believe that Curtis L. Kennedy, AUSWR Litigation Attorney, spends all of his time working on lawsuits and monitoring the federal laws that affect retirees, --read on to learn how he also monitors the financial well-being of the Qwest Pension Plan. The financial health of the Qwest Pension Plan is a duty that Curtis takes very seriously.

Curtis L. Kennedy
AUSWR Litigation Attorney

Curtis's attention was focused in September and October on documents that Qwest was required to prepare for federal agencies which detail the status of the Qwest Pension Plan. He noted that of the end of year 2008, there were 36,483 retired or separated plan participants receiving benefits. At the same time, there were 30,622 employees enrolled in the pension plan. As you can see, the tables have turned proving there are many more retirees than there are current workers at Qwest.

After a careful analysis of Qwest's recent ERISA disclosures, he sent a letter to Qwest Administrators asking for answers to his questions about Qwest Pension Plan on the behalf of Qwest retirees known as Requesters.

The following is the text of the letter Curtis sent to Qwest Pension Plan Administrators.

"After review of the documents you sent to me on October 23, 2009 in response to the ERISA document request sent to you pension plan participants, "Requesters," have some follow-up requests, to-wit:

<u>**1. Services Agreement - Qwest**</u>. The latest Form 5500[1] report shows that

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"To preserve and protect the pension and benefits that we earned."
— AUSWR Mission

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Watson Wyatt,[2] the highest paid service provider during 2008, received about $5.75 million out of the pension plan. Qwest was the next highest paid service provider and the company received $3.45 million from the pension plan.

[[1]Form 5500 is the annual ERISA filing requirement of the Department of Labor and the IRS which detail how pension plans are operated and managed within federal laws.

[2]Watson Wyatt Worldwide provides pension plan consulting services and manages the Qwest Service Center; http://www.watsonwyatt.com/.]

At the request of some pension plan participants, Qwest previously provided me a copy of the contract concerning Watson Wyatt's services and compensation. However, I have not seen the written contract concerning Qwest's services for the Qwest Pension Plan and the compensation to be paid to the company. Please send me a copy of that document;

2. Qwest Pension Plan Dealings with Westridge. The Form 5500 report reflects that during year 2008, Santa Barbara-based Westridge Capital Management, a Registered Investment Advisor, was hired to handle 1.4% of Qwest Pension Plan's total assets. Westridge was paid about $857,000 from pension plan monies for investment services rendered during year 2008. Past Form 5500 information reveals that Qwest Pension Plan administrators had been using Westridge to carry out an enhanced equity strategy type investment scheme.

The latest Form 5500 report discloses that during the first quarter of this year 2009 both the SEC and the Commodity Future Trading Commission filed a civil fraud complaint against Westridge charging the company with misappropriating assets entrusted to it. In addition, some of Westridge's principals have been criminally indicted. The Form 5500 further states an unnamed federal judge handling the civil case has ordered a freeze on all assets handled by Westridge, including Qwest Pension Plan assets, and a receiver has been appointed until the entire matter is sorted out by the federal court and the federal agencies. The Form 5500 reports that there is a possibility that Qwest Pension Plan assets worth approximately $98 million that were entrusted to Westridge may never be recovered by the pension plan.

Please explain to Requesters what legal action, if any, has been filed on behalf of the Qwest Pension Plan against Westridge and its principals so as to protect the interests of the pension plan participants. If outside legal counsel has been hired by the pension plan please produce a copy of the operative fee agreement for legal services. Please advise of the civil action number and court location of the SEC's pending case against Westridge.

Requesters ask whether Qwest's debacle involving Westridge has caused a change in investment strategy and the due diligence manner in which plan administrators supervise registered investors hired by the pension plan. Who suggested Qwest Pension Plan assets be entrusted with Westridge? Essentially, Requesters ask what is being done now to make sure this doesn't happen again? If a consultant was paid after luring pension plan administrators to use Westridge's services, has any legal action been taken against that person or entity? Finally, Requesters ask whether the anticipated loss of pension plan assets will affect the ability of the pension plan to make promised benefit payments; and

3. Insufficient April 30, 2009 Dated Annual Funding Notice Sent to Plan Participants. The responsive documents you sent to me includes a copy of the April 30, 2009 dated Annual Funding Notice the company allegedly sent to all plan participants in order to comply with the Pension Protection Act of 2006 (PPA), Public Law 109-280, 120 Stat. 780. That federal law added a new requirement for plan sponsors of defined pension plans. The PPA required Qwest starting this year to provide all pension plan participants as of the end of April each year what is commonly referred to as an "Annual Funding Notice." The PPA directs the Annual Funding Notice include disclosure of the fair market value of the plan's assets as well as the plan's liabilities, both determined as of plan year-end.

Qwest timely sent out the notice to Requesters and a copy is attached hereto. Qwest reports that "[t]his notice is for the period beginning January 1, 2008, and ending December 31, 2008 (the Plan Year). But, that is not necessarily true. There is a problem with that document, namely that it is not a good faith disclosure notice in compliance with the letter and spirit of the PPA.

Qwest reported in the Annual Funding Notice sent out in April 2009 the funding policy of the plan and asset allocation of investments under the plan as of the end of year 2008, the plan year to which the notice relates. However, Qwest did not report in the

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(State) President's Message

2009 AUSWR Officers	
Executive Director	**Nelson Phelps**
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Utah/Idaho/Montana Chair	**Donnetta Mitchell**

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notice the value of the pension plan's assets as of the end of last year - December 31, 2008. You will note that Qwest used as the "Valuation Date" the first day of last year - January 1, 2008. Requesters believe that was wrong to do and was not in good faith compliance with the PPA which changed ERISA to require the annual notice contain a "statement of--- (bb) the total value of the plan's assets and liabilities for the plan year to which the notice relates as of the *last day of the plan year* to which the notice relates. . . " (emphasis added). ERISA Section 101(f)(2)(A)(ii)(I)(bb), 29 U.S.C. Section 1021(f)(2)(A)(I)(bb).

After all, it does no good for Requesters or any other retiree or other plan participant to receive an annual valuation notice that only discloses the financial condition of the pension plan 16 months in the past. But that is exactly what Qwest did. The April 2009 Annual Funding Notice discloses stale information about the financial condition of the pension plan as of January 2008.

I am sure you are aware of the "Field Assistance Bulletin" (FAB) issued on or about February 10, 2009 by the United States Department of Labor's Employee Benefits Security Administration explaining ERISA Section 101(f) requirements for the annual funding notice. You can find the FAB at this URL: http://www.dol.gov/ebsa/regs/fab2009-1.html The FAB clearly states that the "valuation date" is supposed to be the *end* of the plan year, meaning in the case of the Qwest Pension Plan December 31, 2008. The DOL Field Assistance Bulletin states in the form of a Q&A:

> Q7: Section 101(f)(2)(B)(ii)(I)(bb) of ERISA states that an annual funding notice must include, in the case of a single-employer plan, "the value of the plan's assets and liabilities for the plan year to which the notice relates as of the last day of the plan year to which the notice relates determined using the asset valuation under sub clause (II) of section 4006(a)(3)(E)(iii) and the interest rate under section 4006(a)(3)(E)(iv) [.]"
>
> How should plan administrators calculate year-end assets and liabilities for the model?
>
> Plan administrators should report the fair market value of assets as of the last day of the plan year. For this purpose, the value may include contributions made after the end of the plan year to which the notice relates and before the date the notice is timely furnished but only if such contributions are attributable to such plan year for funding purposes. A plan's liabilities as of the last day of the plan year are equal to the present value, as of the last day of the plan year, of benefits accrued as of that same date. With the exception of the interest rate assumption, the present value should be determined using assumptions used to determine the funding target under section 303. The interest rate assumption is the rate provided under section 4006(a)(3)(E)(iv), but, pending further guidance, plans should use the last month of the year to which the notice relates rather than the month preceding the first month of the year to which the notice relates. The Department recognizes that in their annual funding notices plans may need to estimate their year-end liability for the plan year to which the notice relates. Therefore, pending further guidance, plan administrators may, in a reasonable manner, project liabilities to year-end using standard actuarial techniques. (emphasis added). The FAB providing the above quoted guidance was never revised nor superseded.

Requesters ask, "Why did Qwest choose not to comply with either ERISA Section 101(f) or the FAB?" They seek Qwest's agreement to send to all plan participants a revised and corrected annual funding notice using December 31 as the operative "Valuation Date." Furthermore, Requesters ask for an agreement that the Annual Funding Notice to be sent out in April 2010 will properly reflect financial data as of December 31, 2009."

Curtis L. Kennedy

Rich Baer — Qwest VP Keynote Speaker At Colorado-Wyoming Meeting

by Barbara Wilcox
AUSWR Colo/Wyo

Rich Baer, Qwest Executive Vice President, General Counsel & Chief Administrative Officer

Rich Baer, Qwest Executive Vice President, General Counsel & Chief Administrative Officer, thanked retirees for their contributions to the company as he gave the keynote speech at AUSWR CO/WY's annual meeting in Denver on October 17, 2009.

Baer praised a story about AUSWR member Don Warsavage's experiences growing up as the son of a Mountain Bell lineman that appeared in the last issue of Colorado Wyoming edition of the *Retiree Guardian.* He said "It's a wonderful story, and what it shows is the great work that all of you have done over the years. You are really heroes to this Company, and the current employee base continues in the fine tradition that all of you set when you were employees."

Baer observed that things have changed so dramatically in the telecommunications market, that we must change the business dramatically to meet the challenge. He said that Qwest's vision is, "Perfect the Customer Experience." In today's "incredibly challenging" telecommunications market, he said that he believes the customer experience is the only factor distinguishing one company from another.

Baer presented the Qwest five "Speed Strategies:" deliver simplified integrated solutions to customers, deepen current partnerships and forge new ones, expand broadband capabilities, continue to drive productivity and cost efficiency, and balance investment in profitable growth with return to shareholders. In discussing these strategies, Baer explained that Qwest depends on partnerships with other companies because of decisions made years ago, Qwest has no wireless or TV businesses of its own, so it partners with Verizon and Direct TV. He said that Qwest's costs are higher than its competitors.

"We have to do what we did yesterday better, with fewer people and with fewer costs," Baer stated.

The strategy to increase broadband speed costs a "lot of money," and Qwest has to balance its investments in the business against its obligation to pay dividends to shareholders. He pointed out that, while consumer and wholesale revenues have declined, business revenues have grown. By succeeding in the business market, Qwest is beating AT&T and Verizon at their own game. This growth in the business market is the one thing that is keeping the Company moving forward.

Baer explained that the economic downturn is a reality the Company has to deal with. He described that at the same time, Qwest still has a large debt load with a large part of it coming due late 2010 and early 2011. While Wall Street predicts that Qwest's revenues to continue to decline, he said Qwest has to prove them wrong.

"Customers' usage of telecommunications services is changing dramatically." Kids coming out of college these days don't want landline phones. They rely instead on wireless devices.

Baer summed up by saying that focusing on customers improves their perception of value and drives up the share price. Doing a few things well in the first two quarters this year allowed Qwest to meet its commitments and

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maintain its cash flow and capital structure. Changing Qwest's revenue trajectory and reducing its cost structure is the key to success in the future.

AUDIENCE QUESTIONS:

Sale of Qwest Assets: In response to a question about possible future events, he said that the Company has a legal duty to evaluate any offer to buy any part of the Company. For example, there was an offer to buy Qwest's long haul long distance business earlier this year, but there wasn't enough money offered, so it didn't sell.

Current health care reform status: Regarding the current health care reform debate, Baer said that Qwest is monitoring activities in Washington, DC and sends its Washington staff to meet with members of Congress. The Company is concerned that the government is moving too quickly to change the very complex health care system and is not thinking through all of the issues.

Retiree Life Insurance Reductions: When asked when Qwest would restore retiree life insurance to previous levels, Baer acknowledged that the Company has discretion to change a variety of benefits, but "I do not see the life insurance policy being increased."

Nacchio Legal Fees Recovery: Will Qwest recover Mr. Nacchio's legal costs? Baer called this an issue dear to his heart, and one he works on personally. Qwest will automatically get back $2 million this quarter. Qwest is currently negotiating with Nacchio's lawyers for additional money Qwest advanced to Nacchio for legal fees. The issue is complicated by the fact that Nacchio was not found guilty on all counts, and the Company is not entitled to a refund for the counts on which Nacchio was acquitted.

Supreme Court denies Joe Nacchio's case; Re-sentencing ahead

The U.S. Supreme Court on October 5, 2009, denied ex-Qwest CEO Joe Nacchio's petition to have his case heard and possibly overturned by the justices.

Joe Nacchio,
Former Qwest CEO

The denial by the nation's highest court does not end Nacchio's criminal case. In July, the Denver-based 10th Circuit Court of Appeals ordered Nacchio re-sentenced, which is likely to mean a shorter prison term and smaller financial penalties for his insider-trading conviction. Nacchio's attorney, Maureen Mahoney, challenged his six-year sentence, $19 million in fines and $52 million in forfeiture on the grounds that former federal court Judge Edward Nottingham incorrectly calculated Nacchio's gains from the 2001 stock trades that led to his prosecution. The appellate court ruled that the sentence penalized Nacchio for the natural appreciation of Qwest shares at the time, not just the benefit gained from having inside information. A smaller financial gain from the trades would, under federal sentencing guidelines, mean fewer months in prison for Nacchio.

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Qwest Reacts to Complaint of One Shareholder

Qwest Drops Unreported Perks for Execs

By Phyllis Kielblock, Executive Assistant AUSWR—NWB

Almost unbelievable! Qwest reacted to a complaint from **ONE** shareholder! And that one shareholder was Mary Ann Neuman, Chair of the AUSWR NWB Association.

This is what she said in her address to Qwest CEO Ed Mueller and the Qwest Board members at the Qwest Shareholder meeting in May:

> "An example of Qwest's poor judgment is shown by the board granting excessive and inappropriate executive perks. After the Joe Nacchio era of excess and privilege that embarrassed the company and shamed Qwest's corporate image, you would think the board would have been more cautious. Instead, they approved use of the corporate jet to ferry Mueller family members between Colorado and California, and to purchase the Mueller's home at what appears to be an inflated price in the face of California's highly inflated real estate market. Indeed the Compensation Committee is so out of the loop, it even invented a new type of perk that has been roundly criticized by governance experts: the 'Don't Ask, Don't Tell' perk allowance. For instance Mr. Mueller received a $75,000 unrestricted allowance, in cash, which can be used for any purpose. How he chooses to spend it does not need to be disclosed to the Board or any shareholder. In addition, Qwest reimburses our top executives for the federal and state income taxes due on this extra 'Don't Ask, Don't Tell' compensation."

Attendance and speaking up at Qwest Shareholder meetings is yet another way your Association is working for you.

AUSWR Grieves the Loss of Phyllis Kielblock

Almost every day for years, emails have been received in every AUSWR state organization because Phyllis Kielblock took keeping a watch on the media story about Qwest and related retiree issues her own responsibility. Who will step-up and volunteer to take on the task?

by Mary Ann Neuman, Chair AUSWR NWB

Phyllis was a leader in the NWB-USW-Qwest Retiree Association from the start. Although Phyllis' official title was Executive Assistant, I always thought of her as simply the glue that held us together. She mentored every new Director and Chairperson in the NWB AUSWR and her special touch was felt at every Annual Meeting and in every issue of *"The Retiree Guardian,"* She will be missed in so many ways.

Ever since the NWB-USW-Qwest Retiree Association was formed, countless Breaking News Bulletins have been sent containing news items of interest about Qwest, activities of our Association, our many legal struggles with Qwest and general news of interest to retirees. These bulletins were sent by Phyllis Kielblock. Sadly, I have to let you know that Phyllis passed away from cancer October 27th.

Phyllis requested memorials be directed to the charity of your choice in lieu of flowers. Cards may be sent to the family at: 7262 Vista Court, Eden Prairie MN 55346. Her obituary is in the Minneapolis Star Tribune: http://www.startribune.com/obituaries/

Third Circuit Court (Philadelphia) Decision in UNISYS Case

UNISYS Retirees Prevail in Health Care Case Despite "Reservation of Rights" Provision

By Curtis L. Kennedy, AUSWR Litigation Attorney

In the last order he entered to end the *Kerber v. Qwest Group Life Insurance* case, Federal Judge Walker Miller dismissed the 'breach of fiduciary duty claim' wherein we alleged and explained how U S WEST misled Pre-1991 Retirees into believing their benefits (e.g., retiree basic life insurance) were not at risk for being reduced or eliminated.

After all, the official explanation in the Video Conference broadcast all over the workplace was that the **real intent of the reservations of rights (ROR) in the plan document was to reserve to the company** the right to make changes that would "*make the plans more meaningful and affordable not only **for** the employee but for the company.'* Hence, there was an inadequate disclosure that the company could make negative changes, oppressive changes, or changes that would not be affordable for employees and retirees.

Just before Labor Day, the Third Circuit Court of Appeals [Philadelphia] entered yet another order in a health care federal court case now in its 17th year. Yes, the case started in 1992. In the case of *In re Unisys Corp. Retiree Medical Benefits ERISA Litigation*, the appellate court which has been the bell ringer for setting the standard in the nation for what constitutes an ERISA breach of fiduciary duty, said that to establish such a breach and claim,

> "**a plaintiff must demonstrate that**: (1) the defendant was "acting in a fiduciary capacity"; (2) **the defendant** made "affirmative misrepresentations or **failed to adequately inform plan participants and beneficiaries**"; (3) the misrepresentation or inadequate disclosure was material; and (4) the plaintiff detrimentally relied on the misrepresentation or inadequate disclosure." (emphasis added).

Well, that's exactly what we contend in our case. Since our federal courts seek to be in harmony with the Third Circuit, and we now have another important decision from that appellate court which **supports** our position and the claim made in the *Kerber v. Qwest Group Life Insurance* case, we will be appealing that legal issue (and many other legal issues) to the Tenth Circuit Court of Appeals. But, first we asked Judge Miller to change his decision. See: http://www.uswestretiree.org/DO8205~1.PDF and http://www.uswestretiree.org/DO419D~1.PDF

When A Surviving Spouse Calls the Qwest Service Center

Jim Heinze, Retiree Advocate for Arizona, Colorado, Nebraska and Wyoming recently requested the policy used by the Qwest Service Center staff when they receive a call from a surviving spouse to be sure that you have the benefits you are entitled to receive. This response was provided by Maureen Laurin, Watson Wyatt Consultant. Watson Wyatt is the company that manages the Qwest Service Center.

"Summary of Process: Upon receiving a death notification which entails confirming the name, Social Security number, and date of death of the deceased, we ask for the relationship of the caller to the deceased.

"If the caller is the surviving spouse, our process is to validate their information with any beneficiary information we may have in our system. If the surviving spouse is not listed in our system (this is typical - as the retiree may have elected a benefit other than a joint and survivor option) - we confirm their relationship against the certified copy of the death certificate, which we request from the caller. Regardless of whether or not our system has beneficiary information, we communicate to the surviving spouse that we will be sending information regarding any benefits payable in writing within 7-10 business days. We do not provide benefit amounts over the telephone. Specific benefit amounts are communicated to the surviving spouse in writing. It is our practice to validate the surviving spouse once completed paperwork is returned - this includes an Affidavit and a Certified Death Certificate.

"If there is no surviving spouse, but a possible death benefit is payable - the letter we send to the caller illustrates those who may be eligible to the death benefit and the order in which their eligibility is determined. If there is no surviving spouse, the order of eligibility is dependent children, then dependent parents, and then other dependent relatives. If there is an eligible beneficiary, we require confirmation before the death benefit is payable to the beneficiary."

If you encounter questions or problems, please refer to the Retiree Advocate guide below for help.

If you have questions about your benefits, contact the **Qwest Service Center....800-729-7526**

Press *Option 2*, then select the appropriate options. To put your question or claim in writing, send to the:

Qwest Service Center, P.O. Box 23548, Jacksonville, FL 32241-3548

The address for the Qwest Benefit Office is: **Qwest Benefits, 1801 California St. 45th floor, Denver, CO 80202**

►*If you are unable to resolve your question after contact with the* ***Qwest Service Center,*** contact your state Retiree Advocate:

State	Tel. No.	Email
ARIZONA: Jim Heinze	303-442-1831	jjonrr@ecentral.com
COLORADO: Jim Heinze	303-442-1831	jjonrr@ecentral.com
IDAHO: Shirley Moss	208-342-3449	samoss05@msn.com
IOWA: Vikki Farrand	605-332-3670	LLFarrand308@yahoo.com
MINNESOTA: Barb Hermanson	763-757-4985	brbrhr@msn.com
MONTANA: Shirley Moss	208-342-3449	samoss05@msn.com
NEBRASKA: Jim Heinze	303-442-1831	jjonrr@ecentral.com
NEW MEXICO: Cassie Kelley	505-298-8666	cassiek@comcast.net
NORTH DAKOTA: Arnie Pauls	701-451-0771	rvapauls@msn.com
OREGON: Howard Rickman and AUSWR Ombudsman	503-646-4848	teach39035@aol.com
SOUTH DAKOTA: Vikki Farrand	605-332-3670	LLFarrand308@yahoo.com
UTAH: Dick Johnson and Byron Lemmon	801-963-6220 801-295-4653	dick.sooz@comcast.net bylemmon99@msn.com
WASHINGTON: Shirley Jones	206-368-8686	benefit65@comcast.net
WYOMING: Jim Heinze	303-442-1831	jjonrr@ecentral.com

Health Care Plans Offered Through NRLN Agency

by Bill Kadereit, NRLN President

The National Retiree Legislative Network Agency –the fully independent insurance arm of the NRLN --announced a way for retirees to shop for what could be a better health care insurance deal for many. Although this option may be valuable for many retirees, **we recognize the pre-1991 U S WEST / Qwest retirees are sufficiently covered and would not have to investigate the features of this offering.** However, one of our plans might be worthwhile for a family member.

The NRLN Agency, working with its Partner Agent, Lindblad Financials, and the insurance companies was motivated by the fact that nearly 80 percent of the respondents to our 2009 Survey stated that the NRLN should make them aware of health care insurance plans that could supplement or replace their former employer's plan or their existing commercial plan.

The first offering is to those retirees who have Internet access and can price shop as easily as possible. Simply go to the new NRLN Agency Insurance Section at **www.nrln.org** and click on the link to access the NRLN Agency's suite of insurance plans. From this link—or directly at **www.nrlnhealth.com** –you can access WebPages to obtain price quotes.

AUSWR members who do not have Internet access can call the NRLN Agency's Partner Agent, Lindblad Financials, **Toll Free 1-800-355-2557** and request assistance in obtaining a price quotes.

The enrollment period for Medicare participants is Nov. 15 through Dec. 31. Pre-age 65 seniors may enroll at any time for their 2010 health care coverage. It is always a good idea to verify with the insurance firm whether the quoted price is locked in for the entire year of 2010.

The NRLN Agency's health care and prescription drug plan offerings are not a group plan exclusively for NRLN members, but individual plans may or may not be better in terms of price and features than your existing plan. Because NRLN Agency LLC is set up as an insurance agency, we receive revenues directly paid from the insurance companies in the states where we hold insurance licenses. These revenues are a small amount of the selling agent's normal commission, thus pricing of the plans will not be affected. All funds received by the NRLN Agency, beyond its minimal expenses, are passed along to the NRLN to support its mission to be your advocate for federal legislation to protect your pensions and benefits and to keep Social Security and Medicare strong.

Over age 65

Medigap policies from Mutual of Omaha: Mutual of Omaha's Medigap plan on-line rates are 2010 rates that are guaranteed for 12 months from the effective date of issuance. Medicare will add and remove Medigap plan options in June of 2010, but these changes will not affect policies in effect until the 2011 enrollment period.

Medicare Part D Prescription Drug Plans from Medco: Medco on-line rates are 2010 rates and are guaranteed for 12 months from the effective date of issuance. Rate changes may be issued during the year, but these changes will not affect policies in effect until the 2011 enrollment period. Enrollment will be open after Nov. 15 2009.

Under age 65

Standard Health Care plans from Assurant and Humana: Assurant and Humana update their rates during the year, but rates contracted for at the time of issuance of a policy remain in effect for the 12-month policy period.

For Everyone - All Ages

Life and Annuity policies for family security from Massachusetts Mutual Casualty Insurance for Cars, Homes and Rental Property from Liberty Mutual

Life, Annuity and Casualty Insurance companies update their rates during the year, but rates contracted for at the time of enrollment will remain in effect until the next renewal date.

Under negotiation - Specialty plans for dental, vision, accidental , cancer and other needs.

AUSWR Goes to Washington With NRLN

by Kitty Kennedy, TRA-AZ President

The NRLN's Washington, DC Fly-In/Drive-In Sept 15-17 drew 66 retirees who came from 19 states and 10 retiree organizations, including AT&T-ACER, AT&T Ameritech/SBC, National Chrysler , Delta Air Lines, Delta Pilots-DP3, Detroit Edison, General Motors , EKRA – Kodak , Lucent, and Association of U S WEST/Qwest.

Rep. Ann Kirkpatrick (AZ CD1), Kitty Kennedy, (left), Joe Dombrowski (right)

Arizona represented the AUSWR states as Arizona Grassroots leaders, Joe Dombrowski, (Lucent) and I, rallied the conferees to present our NRLN retiree legislative agenda and shared ways for future follow-up in each Congressional meeting. We were well-received in our visits to the Hill.

The primary objective to go to the nation's capital was the communication of the NRLN's key legislative initiatives: pension asset protection, health care protections, bankruptcy and PBGC rules reform —to members of Congress and staffs.

The conferees met for afternoon presentations on day one and spent the next two days walking the long halls to Congressional appointments. Everyone was prepared for visits to the Hill as Michael Calabrese, NRLN Legislative Adviser, explained details of pension asset protection objectives. Marta Bascom, NRLN Executive Director, covered health care reform as it affects retirees. Marta pointed out that current health care reform legislation is not the NRLN's last shot as we will continue to advocate our health care legislative objectives year after year.

Report of the PBGC Meeting September 17th

The Pension Benefit Guaranty Corporation is the federal agency charged with administering pension plans from corporations that fail to fully fund their plans or terminate plans in bankruptcy. The PBGC has 850 Federal employees who administer the distribution of pension funds that have been terminated which was reported at 3,860 plans totaling $33.5 billion in obligations to 1.274 million people (current and future retirees) at this time. The head of the PBGC, who is a presidential appointment, reports to a board consisting of The Department of Labor, the IRS and the Treasury Department. The PBGC cannot lobby Congress for changes to rules and federal laws that govern pensions administered by them.

Cathy Cone of the Delta Air Lines Retirees Committee (DALRC) arranged the meeting with the PBGC to address concerns of many retiree groups including, Kodak, GM, Chrysler, NRLN, Delta Pilots, Lucent, Bethlehem Steel, and Qwest. A list of questions was prepared in advance by the NRLN Bankruptcy Committee headed by Will Buergey of the Delta Pilots retiree organization. Bill Kadereit, NRLN President, opened the meeting by informing the PBGC of the NRLN's efforts to petition Congress for changes to the bankruptcy laws and PBGC rules.

NRLN members meet with PBGC

For more information on the NRLN efforts for bankruptcy and PBGC reform, go to the NRLN Legislative Agenda: www.NRLN.org.

Excerpts and photo used in this article are from the National Chrysler Retirement Organization –NCRO website; you can read a more detailed report of the PBGC – NRLN Sept. 17th meeting at: **http://www.ncro.org.**

HR 3962 Passed by U S House November 7

What's in the U S House bill for retirees?

By Kitty Kennedy, Retiree Guardian Regional Editor

The American people spend a staggering amount of money on health care - over 17% of our entire economic output. Businesses, especially small businesses have seen their health care costs rise 130% in the last decade, cutting into profits and stifling the ability to grow and hire new workers. Premiums for American families have more than doubled in the last 10 years --rising four times faster than wages. Congress has spent this year working on health care reform and now begins to pass the first legislation.

Is this perfect for everyone? Is this the best we can do for seniors? This is a start. Some of the benefits for retirees that we have advocated for such as the Medicare negotiation of drug costs –see #2 below, or a fund for early retirees who lose health care from their former employer –see #12 below, are included. We intend to build on health care legislation efforts and keep advocating for retirees.

Keep in mind that the U S Senate must pass its version of health care legislation. Then the House and Senate bills must be merged before any bill is sent to the President to sign into law. Veterans' benefits including Tricare for Life and not changed with this bill. The bill meets a fundamental requirement in that it does not add to our federal deficit according to the Congressional Budget Office.

Are there down sides to this bill? Of course there are --and your personal political beliefs will be the biggest guide to what is criticized in this bill. This bill is endorsed by the American Medical Association, the AARP, and the American Nurses Association. Below are some of the changes for retirees.

You have Medicare:

1) Closes the Part D "Doughnut Hole." In 2010, those on Medicare who subscribe to Medicare Part D will see the doughnut hole reduced by $500 and will enjoy a 50% discount on brand-name prescription drugs in the doughnut hole until it is completely phased out in 2019.

2) Lowers Prescription Drug Costs. Medicare for the first time will be allowed to negotiate for lower prescription drug prices. Currently, Medicare is estimated to be overpaying drug companies by 12%.

3) Makes Preventive Services More Affordable. Eliminates co-pays and deductibles for routine checkups and preventive services in Medicare. This means no co-pays for immunizations, cancer screenings, cholesterol screening, bone calcium level screening, and colonoscopies, among other things.

4) Lowers Costs for Low Income Seniors. Expands the Medicare Part D low-income subsidy.

5) Savings to Medicare. Reduces or eliminates the private Medicare Advantage plans that currently receive an average of 14% more per person than traditional Medicare. While providing some recipients with additional services, MA plans fail to show better results. Ending overpayments extends the Medicare Trust Fund solvency.

6) Helps Seniors Prepare for Long Term Care Costs. A new, voluntary national insurance program (to be known as the CLASS Independence Benefit Plan) will help seniors pay for care in their own homes rather than going prematurely into a nursing home to be paid for by Medicaid.

7) Nursing Homes Safety. Long-term care facilities will be required to conduct criminal background checks on prospective employees to ensure that patients and families are safe from those with previous records of abuse and criminal activity.

You are 55 – 64 years old, no Medicare, retired:

8) Eliminates pre-existing condition exclusion. Requires insurers to offer health insurance coverage to all individuals, regardless of health status.

9) Establishes a "minimum benefits package." All health insurance plans would have to provide minimum benefits.

10) Limits Premium Costs. Premiums for older adults can be no more than twice what insurers charge the youngest adults and places an annual limit on your out-of-pocket health costs ($5,000/individuals, $10,0000/family).

11) Makes Health Insurance More Affordable. Includes a public health insurance option that is designed to force insurance companies to compete and drive down the prices of private health insurance for everyone.

12) Coverage for Early Retirees. Without assistance, many 55-64 year old retirees are left uninsured because they cannot get insurance in the individual market or can only do so at a very high cost when their former employer terminates its health benefit plan. A $10 billion fund is set-up for employers to offset the costs of health premiums for its 55-64 year old retired employees.

To respond to this article, please contact Kitty Kennedy kathleen_kennedy2@comcast.net or 520-883-8272.