



# NRLN Focus



Volume 20, Issue 2

Summer 2023

## ***The NRLN Clarion Call...Fight Coming on Social Security and Medicare***

By Bill Kadereit, NRLN President



The fight is coming. The NRLN is prepared to do whatever is necessary to defend Medicare and Social Security.

On June 14, 2023, the 175-member Republican Study Committee (RSC) issued its report for the Fiscal Year 2024 Budget. The report which represents the views of more than three-quarters of the GOP members of Congress includes two proposals the NRLN opposes:

- **An effort to terminate Medicare as we know it.** The proposal recommends a “premium support model” that would subsidize seniors for private insurance options that would compete with traditional Medicare. This would effectively transform Medicare into a voucher program. The proposal would consolidate the various portions of Medicare coverage, including doctor’s appointments, hospitalizations, and prescription drugs into one plan. It’s economically stupid for Congress to privatize Medicare at a benefit cost that is 10-15% higher!
- **Raise the age for full Social Security benefits.** Those now age 59 would see an increase in the retirement age of three months per year beginning in 2026. The retirement age for full Social Security benefits would reach 69 for those who turn 62 in 2033, up from the current level of 67 for those born in 1960 or later.

### **NRLN Fights Premium Supports for Medicare**

The NRLN will continue to fight effort to shove down retirees’ throats a premium support plan that would provide inadequate subsidies for seniors to purchase their own healthcare insurance and would result in out-of-pocket payments.

Former Republican Congressman Paul Ryan (WI) tried for years to privatize Medicare, first when he was Chairman of the House Budget Committee, next as Chairman of the House Ways and Means Committee and in 2017 as the Speaker of the House. His “premium support” plan to end Medicare as we know it was in the House Budget Resolution for Fiscal Year 2018. Opposition by the NRLN and other Medicare advocacy groups succeeded in killing the proposal.

The RSC plan would force disability beneficiaries to wait five years, instead of the current two, before becoming eligible for Medicare benefits. The NRLN considers this unacceptable.

The GOP proposal sides with the pharmaceutical industry in calling for a repeal of Inflation Reduction Act provisions aimed at lowering prescription drug costs. The NRLN lobbied for Medicare to be able to negotiate directly with drug manufacturers to lower the price of some of the

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costliest single-source brand-name Medicare Part B and Part D drugs.

### **NRLN Opposes Delaying Full Social Security Eligibility**

The NRLN contends that raising the retirement age diminishes benefits earned by workers. The longer a person must work to become eligible for Social Security there are fewer years remaining to receive payments. While many are willing to work more years, individuals who have worked in physically demanding jobs and/or have health issues may not be capable of extending years of labor.

RSC's blueprint offers a wish list of conservative priorities that could influence the appropriations process. Chairman Kevin Hern (OK-01) said House leadership has promised the plan will get a floor vote.

### **House Speaker Kevin McCarthy Intends to Announce Commission**

Following Congress' vote in May to raise the debt ceiling, House Speaker Kevin McCarthy stated: "We only got to look at 11% of the budget to find these cuts. We have to look at the entire budget ... The majority driver of the budget is mandatory spending. It's Medicare, Social Security, interest on the debt."

The Speaker also said he planned to "announce a commission" that would include lawmakers from both sides of the political aisle. One of their tasks will be to look at further budget cuts.

Speaker McCarthy didn't provide specifics on the commission. However, the fact that he mentioned Social Security and Medicare as a "majority driver" of the budget is a pretty good indication of the targets.

Both Chambers and both parties in Congress have shown by their actions that they disrespect retirees, and they are willing to bet seniors won't show them the door next election. They could be wrong!

### **It Is Just the Facts**

The NRLN is a non-partisan organization. In this case, we are not being partisan, we are only pointing out the facts. Republicans are attempting to renege America's sacred promise to workers and seniors by attacking Medicare and Social Security.

The NRLN will fight to protect retirees from proposals to harm Medicare and Social Security. Your financial support would be helpful to our efforts. Use the contribution form on the back of this newsletter or go to [www.nrln.org](http://www.nrln.org) and click on the Contribute tab.



#### **By Gerold "Jerry" Weldon, Chair, CenturyLink Retirees Association**

The origin of CenturyLink Retiree Association can be traced back to a 1989 letter from the Company, then called U S West (USW). Its Board of Directors had approved an amendment to the U S West Management Pension Plan, commonly referred to as the "5 + 5 Plan." Thousands of employees accepted this early retirement plan. Then, in 1992 the Company offered an ERO

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#### **By Michael Husar, President, Delphi Retirees Chapter**

The Delphi Retirees Chapter was formed in June 2022 through an agreement between the NRLN and the Delphi Salaried Retirees Association (DSRA). The Chapter provides Delphi retirees (salaried and hourly) broader exposure to retirement issues, efforts to protect Social

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(Enhanced Retirement Offer) to several hundred employees which mirrored the “5 + 5 Plan.”

Everything went along smoothly until the mid-1990s when the leadership of the Company announced a drastic change in the Medical Coverage for the two groups of early retirees. The 1989 letter had stated that “Medical Coverage continues at the same level in effect at retirement for those that choose this plan.” Those who chose this offer expected that this benefit would continue for their lifetime.

In early 1995, U S West began what was perceived as a concentrated campaign “to enroll the 30,000 Pre’91/’92ERO retirees in HMOs.” A retired officer viewed the use of HMOs as a reduction in the level of his health care and engaged an attorney and rallied other retirees. Because of his concern, he filed a class-action lawsuit against U S West in August 1995. In January 1996, U S West backed down and formally amended the Health Plan’s language to guarantee lifetime health coverage to every employee who retired prior to 1991.

In 1997, an informal group of retirees in Colorado continued to work with an attorney to develop a retiree organization to lobby for the continuation of retiree benefits beyond the legally protected pension benefit. This resulted in a group called CORE, COloradoREtirees. Dedicated retirees worked from 1997 until 1999 building up the membership, raising money, and reaching out to other retiree organizations that were forming throughout the 14-state USW area.

At the same time, a group of Northwestern Bell (NWB) retirees were discussing their plans and deciding on a plan of action. The group had many things to do to get the association “off the ground,” not the least of which was to develop bylaws, develop a plan of action to get retirees to join, elect a Board of Directors and many other “nuts and bolts.” The NWB Retiree Association had its first annual meeting in 1999.

The leadership of the various state organizations agreed to a meeting in mid-1999 at the Denver International Airport to sort out organizational details, including a mission statement and goals. The participants came from the NWB retiree association for IA, MN, ND, NE and SD and six other state retiree organizations, including: Colorado/ Wyoming, Arizona, New Mexico, Oregon/Washington,

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Security and Medicare and additional exposure for lobbying Congress to fully restore salaried retirees’ pensions.

Also, we are working to get the Healthcare Coverage Tax Credit (HCTC) made permanent. The HCTC helps Americans cover their health insurance costs if they are retired and their pensions have been taken over by the Pension Benefit Guaranty Corporation (PBGC), or if their job was outsourced abroad and they qualify for Trade Adjustment Assistance (TAA)

Currently, the primary focus of Chapter members is to convince Congress to pass **H.R.735 and S2277, Susan Muffley Act of 2023** to rectify the injustice that 20,000 Delphi salaried retirees suffered during the Delphi and General Motors bankruptcies.

Delphi, General Motors’ biggest supplier, filed for bankruptcy in 2005, but continued to build and ship parts to its customers. In 2009, during the GM bankruptcy the U.S. Treasury, in an effort to avoid an auto industry collapse, formed an “Auto Team” to direct GM through bankruptcy in an unprecedented 40 days.

The Auto Team needed Delphi to quickly exit bankruptcy and insisted that Delphi shed its pension obligations. The Pension Benefit Guaranty Corporation (PBGC) took over the Delphi salaried retirees pension plan which was a historically well-funded pension plan until 2009. As a result, 20,000 salaried retirees lost up to 70% of their pension.

Federal funds propped up the Delphi and GM unions’ pension plans and they were not taken over by the PBGC. Thus, very few union members saw any pension reduction.

Initially, salaried retirees pleaded their case in the courts. After the U.S. Supreme Court declined on January 18, 2022, to hear their case, they turned to Congress to restore their pensions.

The 13-year effort by Delphi salaried retirees to rectify their unfair treatment during the Federal governments involvement in the bankruptcies took a major step forward on July 27, 2022,

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The team agreed on a regional structure and elected the first group of officers of what became the Association of U S West Retirees (AUSWR). These early leaders also recognized at the time that they would need a presence in Washington, D.C. to lobby and safeguard retiree benefits. Within the first few years, they set about to make contact with other corporate retiree groups. This resulted in the formation of the National Retiree Legislative Network (NRLN). Jim Norby of NWB took over as the head of the NRLN and Nelson Phelps of Colorado became the President of AUSWR.

Early leaders were passionate about the need for the organizations. They put out newsletters, managed the membership and finances, administered the database, coordinated email and advocated on individual retiree issues with Company HR. Meanwhile, the Company changed names and corporate leadership. Qwest took over in June 2000 and then CenturyLink assumed control in April 2011. AUSWR served as the single point of contact with the Company during this time.

In 2013, the AUSWR board decided to disband the 14-state regional group, believing their work was done. Seven of the states also elected to close their operations and became NRLN Chapters. However, NWB and Colorado/Wyoming elected to continue with their retiree association. The Colorado/Wyoming and NWB associations operated independently but they agreed to work together when appropriate. In 2018, the Colorado/Wyoming association announced that they were disbanding. The NWB group extended an offer to the CO/WY team for their members to join forces in 2019. Many of the CO/WY team members joined the NWB association, and the new name of CenturyLink Retirees was adopted.

The association stays true to its mission: "To preserve and protect the pension and benefits we earned." We use a variety of techniques to communicate with our members and retain a sense of community. The Retiree Guardian is our long-standing newsletter and we added a website several years ago. We are constantly searching for new members and sadly serve to notify members of the passing of their fellow workers and friends. We are happy to note that there are several retired directors who do outstanding work as advocates for retirees who

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(Continued from page 3) Delphi Retirees Chapter when the U.S. House of Representatives passed **H.R.6929, the Susan Muffley Act of 2022**. The bill passed by a 250-174 vote. The House sent the bill to the U.S. Senate where despite an intense lobbying campaign by DSRA and NRLN the bill was not taken up and died at the end of the 117th Congress on December 31, 2022.

On February 1, 2023, U.S. Representatives Mike Turner (OH-10), Dan Kildee (MI-8), Claudia Tenney (NY-24), and Gwen Moore (WI-4) introduced the **Susan Muffley Act of 2023** to restore the pensions of the Delphi salaried retirees. The four Representatives have pledged to continue to advocate to make Delphi retirees financially whole, who lost their pensions through no fault of their own.

Delphi salaried retirees who are members of the DSRA and the NRLN Chapter are again urging their U.S. Representatives and Senators to support passage of **H.R.735 and S2277, Susan Muffley Act of 2023**, which is named after the deceased spouse of a Delphi salaried retiree. The NRLN will again through Action Alerts encourage all NRLN members to join the Delphi salaried retirees in their efforts to pass the legislation.

NRLN FOCUS readers may be interested in learning about Delphi retirees' corporate history. Our roots go back to 1909 when 5,000 spark ignition sets were ordered for the 1910 Cadillac from National Cash Register Company (NCR) co-workers Charles Kettering and Edward Deeds. That caused them to form the **Dayton Engineering Laboratories company (Delco)**.

In 1918, General Motors (GM) acquired the United Motors Company which had been formed to house several prominent parts manufacturers, including Delco. All of those companies became part of General Motors Corporation in 1920. Other component manufacturers such as Packard Electric were acquired in the years that followed.

GM established the General Motors' Automotive Components Group in 1994, which changed its

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need assistance with corporate matters and health care options. We maintain an active role with the NRLN and believe its importance grows every year.

We are proud to have an excellent relationship with the Company HR vice president and we've adjusted to the new corporate name of Lumen. We grew up as members of the Bell System and Pioneers with the motto of "The Spirit of Service." The CenturyLink Retiree Association continues that tradition as we serve our valued retiree members.

(Continued from page 4) Delphi Retirees Chapter name to Delphi Automotive Systems in 1995. GM spun off Delphi on May 28, 1999, as a publicly traded company.

A group of private investors purchased Delphi's core assets to create a new Delphi Corporation in October 2009. The old Delphi Corporation was renamed DPH Holdings Corporation. Now the company is Aptiv PLC an Irish-American automotive technology supplier with headquarters in Dublin.



## A View from Washington, DC NRLN Testimony to ERISA Advisory Council

By Alyson Parker, NRLN Executive Director

Michael Calabrese, NRLN Senior Policy Advisor, who wrote the NRLN/AREF white paper on Pension Plan 'De-Risking': Strengthening Fiduciary Duties to Protect Retirees testified on July 18, 2023, before the Employee Retirement Income Security Act (ERISA) Advisory Council.

The 15-member council hears testimony, discusses retirement issues and presents recommendations to the Secretary of Labor regarding ERISA.

Bill Kadereit, NRLN President, testified before the council in 2013, saying that de-risking was a slippery slope, that denies certain ERISA protections. From 2012 to 2013 General Motors terminated its management pension plan – pension benefits were annuitized – and 41,000 Verizon management plan participants benefits were also annuitized. No action was taken under ERISA.

Today, generally, insurer annuity payment obligations have been met, but numerous consulting firms are advising major U.S. corporate clients to de-risk pension plans rapidly. Insurance companies, sometimes backed by higher-risk investors, are entering the pension transfer annuity market. Over time, riskier annuity providers stand a greater chance of not meeting obligations. The time to act to put legal barriers in place is now.

Michael testified that retirees and older workers who earned a vested pension benefit believed they had the protection by the Pension Benefits Guaranty Corporation (PBGC), as well as fiduciary protections enforced by the U.S. Department of Labor (DOL) under ERISA. That may no longer be true under pension plan sponsors "de-risking" strategies if not tempered by the fiduciary obligations the NRLN proposed in its January 2023 white paper.

Michael pointed out that the only way to preserve the protections associated with vested pension benefits under ERISA is to clarify a fiduciary duty to incorporate them into the group annuity contract. He said the DOL should ensure that retirees and other participants cannot lose basic ERISA protections – most importantly reinsurance – when a pension plan sponsor uses an annuity to transfer the liability for future benefit payments to an annuity provider.

He advocated that DOL has the authority to issue guidance both on how to select an insurer and on the contractual provisions that a fiduciary must ensure are included in the annuity contracts that the fiduciary negotiates on behalf of the plan.

The NRLN's proposal that Michael presented to provide protection for pension plan participants included the following points:

1. Reinsurance: Group annuity contracts must require the purchase of reinsurance that is

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sufficient to provide a replacement annuity of equal value from a third-party insurer that is independent of the annuity provider and financially capable.

2. Prohibit an insurer from offering to convert or exchange individual annuity contracts for a lump sum or other change in the form of benefit.
3. Prohibit the re-sale or transfer of all or a portion of the annuity contracts to an entity that is not a state-licensed insurance company under the jurisdiction of U.S. courts that also satisfies the safest available annuity requirements of IB 95-1.
4. Require the annuity provider to send a short-form annual report that confirms the reinsurance provider and the current rating and financial status of the annuity provider.
5. Prohibit the assignment or alienation of any payment or of the present value of the annuity.
6. Prohibit the annuity provider from reducing the benefit amount transferred from the plan to the annuity provider, including to correct a miscalculation of the benefit transferred to the annuity provider.
7. Require that an annuity provider accept and follow a state domestic relations order dividing the annuity in a manner that would satisfy ERISA § 206(d)(3)(B)(i).
8. Prohibit the assessment of fees against the annuitant by the annuity provider.
9. Establish a claim and appeals procedure for annuitants that conforms to the claims and appeals procedure under ERISA.
10. Finally, plan sponsors should affirm that the transfer of benefit liabilities to the insurer does not substantially impair the funded status of the plan after the de-risking transaction (based on a standard to be promulgated by Treasury in consultation with DOL).

Michael presented Council members with the NRLN white paper and the text of his testimony.

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