This has been a busy time for the LRO and a busy time for our retiree base as some 45,000 management and 30,000 former represented retirees are preparing to make a very important personal decision regarding the announced Alcatel-Lucent Retiree Lump-Sum Window Program. The LRO has certainly seen a significant increase in our website activity, and attendance at our scheduled regional meetings has been exceptional. We had over 500 retirees at our recently scheduled session in Chicago where the buyout offer was a major part of the discussion.

While it appears that Alcatel-Lucent has provided a useful packet of materials to support retiree consideration of this offer, including using the services of Deloitte for counseling sessions, the LRO too wants to be helpful to our retirees. While the LRO cannot provide individual financial, legal, tax, or estate planning advice, we can help formulate certain basic questions that hopefully will be useful in examining your own personal circumstances. That is the purpose of this special newsletter release, to pose those questions.

We urge you to read through this series of questions, and as appropriate factor these into your personal decision process. Where you have questions about the program, please direct your call to the numbers provided by Alcatel-Lucent as shown in their documentation and repeated in this newsletter. We strongly urge our retirees to take advantage of the counseling services offered.

On a final but important note, the LRO became aware that on July 9, the IRS released Notice 2015-49 dealing specifically with Use of Lump-Sum Payments to Replace Lifetime Income Being Received by Retirees Under Defined Benefit Pension Plans.

The stated purpose of the notice is as follows: “This notice informs taxpayers that the Treasury Department and the IRS intend to amend the required minimum distribution regulations under section 401(a)(9) of the Internal Revenue Code to address the use of lump-sum payments to replace annuity payments being paid by a qualified defined benefit pension plan. The regulations as amended will provide that qualified defined benefit plans generally are not permitted to replace any joint and survivor, single life, or other annuity currently being paid with a lump-sum payment or other accelerated form of distribution.”

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**President’s Column**

The ruling effective July 9, 2015 goes on to describe certain exceptions to this ruling based primarily on actions that had been taken prior to this announcement. The Alcatel-Lucent offering met those pre-notice conditions and therefore has been allowed to proceed. This, however, will be the last use of lump-sum buyouts.

This change in position is likely tied to government concerns that retirees are ill-prepared to manage lump-sum distributions and the view that continued lifetime pension payments are a critical part of an individual's financial security during the retirement years. This risk issue must be factored into any decision by retirees to accept a lump-sum offer. A copy of the notice may be accessed by visiting the LRO website.

We are grateful for the continued support of our retirees and thank our members for their financial support that has allowed your volunteer board to maintain its support services and communications through our website, this newsletter, and our regularly scheduled regional meetings. We thank you all and wish you well in your decision making process.

Joe

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**PENSION BUYOUT DISCUSSION**

The LRO is publishing this Special Newsletter addressing the Alcatel-Lucent (ALU) offer to certain retirees to receive a one-time lump-sum amount that will replace their monthly pension. They have announced that the offer will be made to about 45,000 former management retirees and about 30,000 former represented employees. There is one significant difference between the two offers: The formerly represented employees may also be entitled to a one-time payout of their death benefit.

Much of the information about the offer has already been sent to those who are considered eligible. ALU has stated that the Program is limited to former employees who began receiving their pension on or after March 1, 1990 and before certain dates in either 2012 or 2014 depending on the plan and type of pension. There are also other exclusions from the offer. The program is also available to certain surviving beneficiaries and alternate payees.

Earlier this year ALU sent letters to certain of those eligible requesting that they provide information that may not be in ALU personnel files. Some of the items requested were for marriage licenses and birth certificates. In late June, those eligible received a letter along with two other documents, which were the “Program Announcement” and the “Financial and Tax Education Guide”. The cover letter also advised the recipients that they would receive “Your Benefit Decision Kit” in mid-July. That kit will describe the specific options available to each retiree and the dollar amounts for each option. If that kit is not received by July 24, 2015 you are to call the Lump Sum Window Benefits Center at: 1-866-617-7164

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All retirees should retain that number as it will be used during the entire program period.

The letter then provides the beginning and ending dates in which individual choices can be made. Those dates are between July 20, 2015 and 11:59 PM Eastern time on September 25, 2015.

Following are a series of questions and answers that we believe will be helpful to our members as they consider the offer. All of these questions are considered important and the order listed should not indicate relative importance.

**QUESTION**. Will ALU conduct meetings or provide other assistance to those receiving the offer.

**ANSWER**. If you will go to page 21 of the Financial and Tax Education Guide (FTEG) there is a listing of dates and locations where group meetings will be held. On that same page are dates where webcasts will be presented. Individual Sessions dates and locations are listed on Page 23 of the FTEG. There are also dates shown for phone sessions. It is also suggested that you should call now to schedule your group session which you must attend prior to an individual session (1-866-617-7164)

**QUESTION** Am I required to accept the offer?

**ANSWER**. No, you are **NOT** required to accept the offer. You are free to make any decision you wish. Since you are retired and receiving a pension you cannot be required to take the offer. If you have no interest in the offer you can simply do nothing and your pension will continue as it does currently.

**QUESTION** What are my choices when I receive the offer

**ANSWER**. There are several options available to you, including doing nothing. You will be offered a lump-sum amount that is calculated to replace the pension you would have received for the rest of your life. If you also have a survivor option that will be included in the lump-sum amount.

For certain retirees you may elect an annuity option that replaces your current annuity. This offer has three options; a single life annuity, a survivor option of 50% and a survivor option of 75%. If you are married, you will be required to provide your spouse’s signature to accept these offers.

**QUESTION** Why is ALU making this offer?

**ANSWER**. They have stated that its purpose is to reduce the pension liabilities on their Balance Sheet. That is true but there other very important reasons. Currently ALU has all of the risk associated with our pensions, including estimating how long we will live and how much they can earn on the assets in the plan. If you accept the lump-sum offer you then assume all of that risk. They will give you an amount which is based on your expected life. If you should live longer than that you could run out of money. Your lump-sum

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is also calculated by ALU so that if you can invest it at 3-4%, your lump-sum will last. But again, the total risk has been transferred to you.

**QUESTION** Are there conditions that might suggest taking the lump-sum?

**ANSWER** Yes. If you are in very poor health or your spouse who is younger than you is in very poor health, the lump-sum could provide more to you than staying with your current pension. There are certainly other situations where the lump-sum could be the better choice but those are individually personal decisions.

**QUESTION** Since ALU will use a unisex mortality table, how does that affect my decision?

**ANSWER** If you have the survivor option for your spouse and she is older or close to your age there will not be much, if any, additional amounts included in the lump-sum total for her. Assuming she is in good health, she could live a number of years beyond you, and the lump-sum would have contributed little to that.

**QUESTION** When I retired, I declined the survivor option for my spouse because we had a death benefit equal to one year’s income. Since they have taken away the death benefit, should I consider the revised annuity with survivor option if available?

**ANSWER** If you made the decision not to have the survivor option between March 1, 1990 and 2003 you should carefully consider your options now. That is clearly a subject that should be discussed with a financial advisor or elder law attorney.

**QUESTION** Should I secure the services of a financial advisor to assist me in making a decision about the lump-sum?

**ANSWER** Remember that you will have a number of opportunities to attend ALU sponsored group, individual and telephone sessions hosted by Deloitte financial advisors, which will be helpful. If you have a respected friend or relative who could be helpful, you might want to consult them as well. The caution we tell you is to be aware of those who solicit you and clearly understand what their fees are.

**QUESTION** After the lump-sum offer is complete, can we expect ALU to make other plans for those remaining on their pension rolls?

**ANSWER** We have no information as to what they may do. Other companies (GM and Verizon) followed a lump-sum offer with a sale of their pension plan, in full or a part, to a major insurance company. Any sale to an insurance company causes the loss of Pension Benefit Guaranty Corporation (PBGC) protection of those pensions. If anyone believes there is a significant risk to the pensioner of the insurance company failing to make payments they will need to consider that concern in connection with the lump-sum offer.
**PENSION BUYOUT DISCUSSION**

**QUESTION** Will a lump-sum cause a substantial increase in my income taxes?

**ANSWER** ALU has stated that a lump-sum can be rolled into a 401k and will be taxed when withdrawn just as any withdrawal from a 401k is taxed. In theory, if you withdraw the same amount from your 401k as your current monthly pension there should be little difference in taxes. The FTEG you have provides more information about the tax effect and you should seek answers to this from your group or individual session with Deloitte.

**QUESTION** If I decide to accept the offer, how can I make sure that ALU has received my documentation?

**ANSWER** First, you should make your decision early in the announced window rather than at the last minute. Also, you should submit your documents by using a medium that provides tracking, including the name and signature of the individual who received your mailing.

**QUESTION** We have heard of a number of problems associated with the new record keeper this year. How can I be sure that there are no concerns or problems?

**ANSWER** Your first point of contact should be the telephone number you have been provided. (1-866-617-7164). You should obtain the name of the individual with whom you are talking and ask for a date when you will receive the answer. The answer should be in writing, possibly email.

**QUESTION** Is there any other information I should request to help me with my decision?

**ANSWER** There are two essential numbers you should have to help you decide on whether to accept the lump-sum. When you receive your offer, it will include what they call a “Lump-Sum Factor” that when multiplied by your pension amount will provide the amount of the lump-sum. That factor is not very helpful to you in making your decision. If it is not provided, you should request that they provide you the years of mortality (life expectancy) used in the calculation and the effective interest rate they used to calculate the present value of your total lump sum. If you have both numbers, you can more accurately determine what you may want to do.

**QUESTION** I realize that there are many things I should consider in arriving at a decision, but is there one that is of greater importance than some of the others?

**ANSWER** We believe a most important consideration for you is to understand that acceptance of the lump sum-offer transfers all future risk from ALU to you. That means you have the risk of outliving your lump-sum and also the risk of your investments earning as much as the effective interest rate they used in the present value calculation.

**QUESTION** Is there any additional assistance I can expect from the LRO, if needed.

**ANSWER** We are available to you by email and telephone when there is a problem. We do expect that you will have given the Benefit Center an opportunity to first solve your problem. As you can appreciate, this is a massive program and we will all seek to make it successful.

*We, the LRO, cannot provide financial, legal or estate planning advice. You will have to make that decision on your own with guidance from trusted professionals.*
**The LRO Connection**

**July 2015**

**Join The LRO**  LRO dues are $25 for Annual membership or $350 for Lifetime membership. Additionally, you have the option of prepaying $100 for a Five-Year membership and saving $25. Please take time today to write your check to the LRO and mail it to: LRO Inc., P.O. Box 816, Winter Haven, FL 33882 If you prefer to pay by credit card, visit the LRO Website at [www.lucentretirees.com](http://www.lucentretirees.com). Please send a check, not cash.

**PLEASE COMPLETE THE ENTIRE MEMBERSHIP FORM AND ATTACH WITH YOUR CHECK**

The LRO is a not-for-profit, tax-exempt organization. Dues and/or Contributions are not tax deductible.

**LRO Membership Information**

- Renew My LRO Membership
- $25 Annual Membership
- $100 Five year prepaid Membership
- $350 Lifetime Membership

**Name:**

**Mailing Address:**

**City:**

**State:**

**Zip Code:**

**Email address:**

**Phone:**

The LRO Website allows dues-paying members to access the contact information of other members.

If you DO NOT want your information accessed, check here ___

**Check one:**

- Retiree with Pension
- Vested for Pension
- Surviving Spouse

**Check one:**

- Management
- Non-Management

**Retirement Date**

**Company At Retirement**

**Years of Service**

How did you learn about LRO? ___from a friend/former co-worker; ___from the LRO web site; ___from News Articles; ___from Pioneers/Retiree Clubs; ___from Credit Union Publication Ad; ___Other (please specify)

Would you like to be contacted about joining one of the LRO committees such as Membership, Benefits, Regional, Pension, Legislative or Legal? Please specify:

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**Lucent Retiree Organization Contacts**

[www.lucentretirees.com](http://www.lucentretirees.com)

**LRO Board of Directors**

**Officers**

President - Joe Dombrowski - joeseph.dombrowski@mac.com - Phone: 480-766-3386  
Vice President - Frank Minter - fcminter@aol.com - Phone: 205-915-2908  
Secretary - Pam Rasmussen - pam_cougars@yahoo.com - Phone: 630-699-1491  
Treasurer – Dick McCauley – dickmccauley@yahoo.com - Phone: 863-875-3049

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Pension Team Director – Frank Minter – fcminter@aol.com – Phone: 205-915-2908  
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**Support Staff**

Benefits - Herb Zydney - eherb@att.net

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**Find the LRO on Facebook**

If you are a Facebook user, please click on the link below - you will have to sign in, and it will take you to the LRO Facebook page. We are working to make this page informative. If you have suggestions, please contact Pam Rasmussen at pam_cougars@yahoo.com.


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**Handy Contact Information**

Health & Welfare & Pension Plan Inquiries

Alcatel-Lucent Benefits Center (ALBC) 1-888-232-4111  
[www.resources.hewitt.com/alcatel-lucent](http://www.resources.hewitt.com/alcatel-lucent)

Aetna Dental

1-800-220-5479 (DMO) 1-800-220-5470 (PPO)  
[www.aetna.com](http://www.aetna.com)

UHC Medicare Advantage Group PPO

[www.uhcretiree.com/alcatel-lucent](http://www.uhcretiree.com/alcatel-lucent)

For Information on coverage

1-888.980.8117 (TTY:711)

For information about providers

1-877-842-3210

Express Scripts Medicare Prescription Plan

1-800-230-0512 (If Medicare-Eligible)

(TTY: 1-800-717-3231)

[www.express-scripts.com](http://www.express-scripts.com)

Express Scripts Prescription Plan

1-800-336-5934 (If Non-Medicare-Eligible)

[www.express-scripts.com](http://www.express-scripts.com)

United Healthcare Traditional Indemnity

1-800-577-8567

Medicare—Facts about Medicare Parts A, B, C & D

1-800-633-4227 (TTY: 1-877-486-2048)

[www.medicare.gov](http://www.medicare.gov)

SHIP contact information

1-800-633-4227

[www.medicare.gov](http://www.medicare.gov)

MetLife Long-Term Care (LTC)

1-800-984-8651

[www.metlife.com/mybenefits](http://www.metlife.com/mybenefits)

Social Security Administration

1-800-772-1213

Update Personal Info. on file w/ Medicare (TTY: 1-800-325-0778)

[www.medicare.gov](http://www.medicare.gov)

Your Benefits Resources Website

[http://resources.hewitt.com/alcatel-lucent](http://resources.hewitt.com/alcatel-lucent)

Alcatel-Lucent Advocacy Center 1-888-232-4111

To escalate problem issues

[www.benefitsanswersplus.com](http://www.benefitsanswersplus.com)

LRO Website [www.lucentretirees.com](http://www.lucentretirees.com)

LRO Benefits Email Address

benefits@lucentretirees.com

Alcatel-Lucent Added Benefits 1-800-622-6045

[www.addedbenefitsaccess.com](http://www.addedbenefitsaccess.com)