



## The LRO Connection

FALL NEWSLETTER

### 2010 OPEN ENROLLMENT & HEALTHCARE BENEFITS SPECIAL ALCATEL-LUCENT MEETING & MORE

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#### President Andy

andyguarriello@verizon.net



In mid October, LRO Board members, Frank Minter-Pension Team Director, Ron Hoth- Benefits Team Director and I, met with the Alcatel-Lucent (ALU) Human Resource (HR) Officers. We were received cordially and had an open and frank discussion. At the meeting, Frank presented two pension proposals for consideration: a Cost of Living Adjustment (COLA) increase and a pension survivor benefit. Their response to a COLA adjustment was that ALU was in no financial position to provide a COLA increase.

Subsequent to our meeting, ALU announced that after December 31, 2009, their current management pension plan will be frozen for active employees. This means that the pension for participants in the Service Based Program will be based on their years of service to date and will no longer increase. If you are a retiree in the Alcatel-Lucent Retirement Income Plan (ALRIP), you are already 100% vested. This means you have a

nonforfeitable right to the pension benefit you have accrued. As a retiree you are already 100% vested in the ALRIP.

Most observers feel that by freezing the pension plan for active employees, it will improve the security for funded retired participants, as the company's need to fund future accruals for actives is lessened considerably. Furthermore, Robert Vrij President – Americas Region, stated that *"the ALRIP is currently well funded -- with no cash contributions required in 2009 and 2010."*

The second proposal concerned those retirees who had, at retirement, declined the survivor option. We asked that consideration be given to allow such retirees the opportunity to re-evaluate and make the survivor option choice at an appropriate discount rate, if they wish. The response was that ALU would take this under consideration and would get back to us with a decision.

Ron Hoth then asked to have the Healthcare plan separated from the drug plan. ALU responded that this could not be done for the 2010 offering but would be considered for the offering in 2011.

The ALU HR Officers indicated that the 2010 medical plan changes were not yet available. ALU plans to continue the present Medicare Advantage Plan (PFFS) and there will be increased plan costs for those choosing the PFFS plan in 2010.

ALU also indicated that no changes in the Group Life Insurance benefit are planned.

Finally, it was agreed that further meetings would be beneficial to both parties with a meeting tentatively scheduled in the May 2010 time frame.

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(Continued from page 1) **President Andy**

For more details (and ALU's responses to our proposals), see the Pension and Benefits columns. We will keep our members informed as ALU responses are received.

## LRO Benefits Column

Ron Hoth - rhot@triad.rr.com



1. **Alcatel-Lucent (ALU) 2010 Open Enrollment Period**
2. **Shopping for Healthcare Coverage**
3. **ALU Advice:  
2010 Open Enrollment Period**

In a recent mailing to management retirees, Alcatel-Lucent (ALU) confirmed that the annual open enrollment period for the 2010 Alcatel-Lucent health and welfare benefits will begin on November 9, 2009 at 8:00am Eastern Standard Time (EST) and end on November 20, 2009 at 6:00pm EST. Late enrollments will not be allowed so you must take action before 6:00pm EST on the last day of open enrollment.

For open enrollment you will need your password to access your personalized benefits information and/or enroll. If you want to check out your password to see that it is active, go to the Benefits Resources website at: <http://resources.hewitt.com/alcatel-lucent> and Select "Log On" - then enter your social security number and password.

If you misplaced or can't remember your password, you should request a new one now. It can take up to ten days to receive a new password in the mail. You can request a new password by going to the same web site just listed above. Select "Log On"; then enter your social security number, then select "I Forgot My Password." If you have a preferred email address on file you can request to have the new password sent to you electronically, or, you can request to have it mailed to you.

For those that don't have internet access, you can call the Alcatel-Lucent Benefits Center at 1-888-232-4111 to request a new password. Follow the prompts to enter your social security number. Then press "99" followed by the # key. At the next menu, press "2", and then press "1"; you can then hang up - your request is complete and your new password will be sent to you.

Alcatel-Lucent has mailed a bright yellow envelope containing your enrollment materials to you. It should have arrived by the time you are reading this. This package will contain both personalized and non-personalized information about your 2010 benefits and how to enroll. Alcatel-Lucent reports that Benefit Representatives will not have information about your 2010 benefits prior to the open enrollment date of November 9; therefore, they have requested that you do not call the Alcatel-Lucent Benefits Center with questions about your 2010 benefit options or pricing prior to November 9. If you want to review non-personalized enrollment information prior to receiving it in the mail you can log on to the BenefitAnswers Plus website at [www.benefitanswersplus.com](http://www.benefitanswersplus.com). This is a very good website with pertinent information.

Alcatel-Lucent is again offering the SecureHorizons "MedicareDirect" PFFS Retiree Plan as a medical plan option for 2010. In late October, SecureHorizons mailed coverage information to those of you who are currently enrolled in this plan or will become Medicare eligible by December 31st. For those who have opted out of this plan but now may be interested in enrolling for 2010, watch for details in the mail on how to request a plan information package.

**Note: If Secure Horizons Medicare Advantage members pay out of pocket for the flu vaccine, they may send their receipts to the address on the back of their Secure Horizons ID card for reimbursement.**

ALU will also be offering the Medco Rx Plan for 2010 to those who are in their healthcare plan. As in 2009, you will have to participate in their health care **and** prescription drug plans or you will not be eligible for either plan.

Should you need additional assistance during the open enrollment process, the LRO encourages you to visit its website at [www.lucentretirees.com](http://www.lucentretirees.com) and click on the Benefits tab. This web site will be updated on a timely basis.

### Shopping for Healthcare Coverage

We have arranged for an outside contractor, Medicare Solutions, to offer, at no cost to you, an online opportunity for LRO members to compare their 2010 ALU retiree healthcare plan to other available Medicare Advantage and Supplement plans.

With this online capability, you will be able to research, obtain quotes and, if so inclined, enroll in

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plans outside of the Secure Horizons PFFS plan or whatever coverage you currently have. If you are over 65 and your monthly contribution for the Secure Horizon, or other plan you have, exceeds \$150 per month, an alternative plan could be attractive to you. We expect to have this online capability available during the first week in November and can be accessed at <http://www.lucentretirees.com>. It may be worthwhile for you to access the website to review and compare plans. This is especially true if you are unhappy with the coverage you currently have.

After reviewing your current and alternative plan options you will be able to call in and speak with licensed Medicare representatives. It will be strictly up to you to contact them if you are interested, they will not contact you.

Starting on 11/9, representatives will be available Monday to Friday 9am – 6pm EST at 877-613-2318. This toll free line is also available to LRO members who do not access the internet and would like to discuss plan options.

Please note the following scheduled times for individuals to call in:

- If your residence is NJ, NC, IL, PA please call on 11/9 and 11/11
- For all other states please call on 11/10, 11/12, 11/13
- During the week of 11/16, inbound inquiries can be made at any time.

**NOTE:** If you are currently in the ALU Secure Horizons plan and choose to replace it with a Medigap plan, you will have guaranteed issue rights. Being in a “group” and leaving the group plan qualifies and reserves your guaranteed issue.

If you are on your own individual Medicare Advantage plan (not a group plan member) and want to join a Medigap plan, you will lose your rights to guaranteed issue.

However, if you go from one Medicare Advantage (MA) plan to another Medicare Advantage plan, you maintain the guaranteed issue status regardless if the MA is on a group or individual basis.

## **ALU Advises**

ALU advises that a significant portion of their retiree medical plans are self-insured. Therefore, a considerable amount of retiree premiums are based

on actual claims experience. Unfortunately, poor claims experience in 2009, combined with the government's reduced funding to Private Fee for Service (PFFS) Plans such as the SecureHorizons offering, has resulted in sizeable premium increases for 2010. These increases (including those for the PFFS plan) range from 18% to 44%, depending on the retiree's family status, Medicare-eligibility, eligibility for the ALU caps and eligibility for subsidized family coverage. **(Please note:** Caps are the maximum amount contributed to premium cost by ALU.)

The 2009 caps have not changed for 2010, they will remain the same. Therefore, the full amount of the premium increase falls to the retirees. Due to the cap structure, the percentage increase to retirees is always more than market (even if claims experience is average).

For example, let's say a non-Medicare eligible retiree cap is \$6,700 (i.e. pre – 65 year old, family status and annual salary was less than \$65,000) but the cost of the plan was \$12,000. The retiree would then pay \$5,300 (i.e. \$12,000- \$6,700). If there was 10% inflation, the cost of coverage would grow to \$13,200. However the cost to the retiree would grow to \$6,500 (i.e. \$13,200 - \$6,700). So the inflation would be 10% (\$12,000 to \$13,200) but the cost to the retiree would go up 22.6% (i.e. \$5,300 to \$6,500) because the retiree picks up the full (\$1,200) increase over the cap.

ALU reminds us that for pre 3/1/90 retirees - the Company absorbs a substantial portion of the cost as they continue to provide coverage for these retirees without charging the retiree a monthly premium for the coverage.

## **MEDICARE RECOMMENDS!**

Seek help at a local level as State agencies have active organizations that provide personal assistance. The Center for Medicare/Medicaid Services (CMS) says: “Call your State Health Insurance Assistance Program (SHIP) for help with questions about appeals, buying other insurance, choosing a Medicare health or Rx plan, buying a Medigap policy and Medicare rights and protections. The SHIP program is a State program that gets money from the Federal Government to give free local health insurance counseling to people with Medicare.” You can find your state's SHIP telephone number by visiting [www.medicare.gov](http://www.medicare.gov) on the web. Under “Search Tools,” select “Find Helpful Telephone Numbers and Websites.” Or, call 1-800-MEDICARE (1-800-633-4227) to get your state's telephone number.

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There is no separate premium for the Medco Rx plan cost because it is included with the medical plan premium. Rx coverage cannot be elected separately from the medical plan.

The deductible for the Medco Medicare Rx plan for Medicare-eligible retirees will be \$310 in 2010, the Part D legislated amount. There is no deductible for the Rx plan for non-Medicare eligible retirees.

If you are **contemplating making a change** or selecting a plan other than ALU coverage, it is recommended that you contact your state SHIP and check out the insurance plan (s) you are considering.

## LRO Pension Column

Frank Minter - [fcminter@aol.com](mailto:fcminter@aol.com)



As mentioned in the "President's" column, LRO Board members met with ALU's Human Resource Officers in mid October and presented two pension proposals.

The first proposal was for a cost of living increase (COLA), as there had been none in the past ten years.

ALU's response was they were in no financial position to provide a cash contribution to prevent the funding level from falling below 100% (Federal law requires 100% funding). ALU was then asked if a one-time increase would be considered. No answer was provided. Your LRO will raise this issue again, once the pension is fully funded. A onetime increase affects the funding level much less than an ongoing percentage increase each year.

The second pension proposal concerned the possibility of allowing those who had declined the survivor option at retirement (based on their belief that the death benefit would provide a comparable survivor benefit as the survivor option) to again have the opportunity to make that choice. We were told that they would consider this and get back to us on this.

## Legislative Affairs

Bob Martina - [rfjm9870@aol.com](mailto:rfjm9870@aol.com)



We have three methods in addressing your needs and concerns: direct contact with ALU, litigation, and legislation. In the last case, the LRO works with the National Retiree Legislative Network (NRLN) in attempting to modify existing laws or enact new laws to meet our retiree needs. Additionally we also work through the NRLN to influence legislative amendments that would harm us. The Legislative Agenda of the NRLN can be found at <http://nrln.org/NRLN%202009%20Legislative%20Agenda.pdf>.

Your LRO continuously provides input to into NRLN's activities and agenda.

The priorities in 2009 have been Health Care and Pension Protection. Recently Pension Benefit Guarantee Corporation (PBGC) law modifications and bankruptcy law changes to protect retirees have been added to this agenda. Bitter lessons experienced by other companies' retirees point to needed reforms to better protect retirees. Our emphasis on health care has been to stop the further erosion of our benefits and to enhance the one's we have, including drug importation and tax abatement for health care costs. Details on these complex issues can be found at our web page listed above.

In the area of Pension Protection, your LRO has provided support for special studies and the drafting of a detailed position paper that we hope will influence upcoming legislation. The LRO and the NRLN are advocating legislation that would prevent companies, such as ALU, from using pension plan assets to pay for layoff allowances.

In 2010, we plan on working on increased pension protection from foreign takeovers.

"White Papers" or position papers have been generated in the areas of Health Care, Pension Protection, PBGC Reform, and Bankruptcy. Summaries of the papers were shared with members of congress and Federal agencies during a Washington DC "fly-in" last month, where sixty-six NRLN Grassroots Network members from 19 states and 10 retiree organizations fanned out to meet with their Congressmen and Senators.

It should be noted that these Grassroots advocates are only a part of the NRLN Grassroots effort, as we are in need of ongoing congressional pressure. YOU are part of our Grassroots effort as an LRO member and, as such, you will continue to get "Action Alerts" emails from the NRLN. If you want to ensure our success on these retiree issues, we will need your response to these "Action Alerts". In addition, if you are willing to go and see your Congressman or Senator at his local office, you're welcome to become a Congressional District or even a State Leader for the NRLN. Many of you already are. Email or call me (318-797-5419) if you want to be part of the solution.



## LEGAL AFFAIRS

Chuck Graves - [jgraves@austin.rr.com](mailto:jgraves@austin.rr.com)

You may recall a class action law suit against Lucent Technologies in Federal Court addressing Lucent's reduction in retiree health care benefits and overcharges from 1999-2003. In 2008, a Federal District Court issued a "summary

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judgment", partially ruling in our favor and requesting additional documentation. Well, the case is now heading to trial where the Judges will ascertain the nature and amounts of overcharges and reduction of benefits. A favorable outcome could result in a financial settlement for most Lucent retirees. Your LRO continues to support this class action suit and will keep you informed of its progress.

## Retiree "Bill of Rights"

In recent years, a few Court decisions involving ERISA have reached results that are seemingly at odds with Congressional findings and the declaration of the policy section of the ERISA statute. The LRO, in collaboration with legal counsel intends to explore whether such developments can be countered in a Retirees "Bill of Rights" that will highlight how Courts have appeared to compromise the original intent of protecting retirees' benefits and (wherever possible) state correctional changes in ERISA law.



## Treasurers/Annual Report

**Dick McCauley - [dickmccauley@yahoo.com](mailto:dickmccauley@yahoo.com)**

We have been fortunate this year in receiving dues from over 5,800 members. This represents a 50% contribution rate of all of our members. With the introduction of the 5 Year, \$100.00 option, we have experienced 11% of our members selecting that option. We expect to exceed our budgeted collections this year but forecast a shortfall in collections in 2010. It is critical that we reach out to all Lucent retirees to join our organization.

We recorded 165 new members in 2009 as compared to over 500 in 2008.

Our expenses are running slightly under budget for 2009. To date, our major expenses are required to support retiree healthcare, pension protection and LRO support for projects administered by the NRLN. We also have held regional Membership Meetings in the Chicago and Denver areas and plan more meetings in the future.

We ask that you contact your Lucent retiree friends and encourage them to become members of the LRO as we are more powerful in representing you with larger numbers.

A complete accounting of our financial performance will be contained in our early 2010 newsletter.



## REGIONAL LRO NEWS

**Joe Dombrowski** [dombrowski@cableone.net](mailto:dombrowski@cableone.net)

In our efforts to hear you better, your LRO held two "town hall" meetings this year, one in Chicago and one in Denver. The meetings were well attended and allowed all to share information and meet your LRO Board face to face. Rest assured the advice you gave us will be used in setting our priorities for 2010 and will make us that much better in serving you.

In 2010, we are planning to continue our Town Hall meetings. Please write to me and let me know your thoughts on this. Already we've joined forces with the NRLN in Arizona to assemble a grassroots network of retirees who live and work in that state. The NRLN, the Grassroots network and issues are covered in detail in the Legislative Column.

## Western Region

**Howard King** [howieking@sbcglobal.net](mailto:howieking@sbcglobal.net)



Since becoming the Western Region Director, I have directed my efforts toward renewing relationships with Lucent retirees in California.

In early September, I initiated a survey of all California LRO Members and "Pioneers" with e-mail addresses. My objective was to determine their degree of satisfaction regarding the Medicare Advantage Plans that went into effect for 2009. I received 155 responses, as summarized below.

- 31% are paying significantly more in 2009 than they did in 2008
- 21% are not happy with their choice.
- 16% had to change their Medicare Advantage provider

On October 1st, I was invited to speak at a monthly "Pioneers" meeting of retirees who lived in the Bay Area. I was asked to bring the attendees up-to-date regarding LRO and NRLN activities and to express my evaluation as to what the future holds. I also did an in-depth review of the survey responses. Following this, I asked for the attendees' input as to what they hoped the LRO/NRLN could provide to aid them in making their upcoming decisions for 2010.

I encouraged the attendees to monitor both the LRO and the NRLN websites for critical information related to actions they could take to support the organizations and, in so doing, enable the strongest support for their cause.

In conclusion, I asked them to maximize their support by becoming active LRO members if they had not already done so.

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## Southeast Region

Walt Ehmer-wjehmer@att.net



In the Southeast Region, we continue to meet with various retiree groups. When invited, we share with them what actions the LRO is moving forward with. There are tentative plans for Regional meetings in Atlanta and Florida in 2010.

The principal concerns of Southeastern Retirees are the security of our pensions and what ALU is going to offer us on healthcare in 2010. I recommended that our members continue to visit the LRO website and they solicit their friends and colleagues to join the LRO. More members give strength to our organization in advocating for the rights and benefits we've worked for and promised by Lucent and/or AT&T.

### 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 412, Chatham, NJ 07928** 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.*



### Handy Contact Information

Alcatel-Lucent Benefits Center	1-888-232-4111 1-847-883-0660 (If calling from outside USA)
Aetna Dental	1-800-220-5479 (DMO) 1-800-220-5470 (PPO)
Aetna Medical Coverage	1-800-872-7136 <a href="http://www.aetna.com">www.aetna.com</a>
SecureHorizons MedicareDirect	1-888-980-8117 (TTY: 1-888-685-8480, or 711) 1-866-222-3069 (TTY: 1-888-685-8480, or 711) <a href="https://www.uhcretirees.com">https://www.uhcretirees.com</a>
Medco Medicare Prescription Plan (If you are Medicare-Eligible)	1-800-230-0512 (TTY: 1-800-716-3231) <a href="http://www.medco.com/medd/alu">www.medco.com/medd/alu</a>
Medco Prescription Plan – (If you are Non-Medicare-Eligible)	1-800-336-5934 <a href="http://www.medco.com">www.medco.com</a>
HMO & Medicare HMO- specific coverage information	Contact your HMO or Medicare HMO (Contact the ALU Benefits Center for contact information ,or, if enrolled, see the back of your HMO or Medicare HMO card)
UnitedHealthcare – Traditional Indemnity	1-800-577-8567
Medicare—For facts about Medicare Parts A, B, C and D	1-800-633-4227 (TTY: 1-877-486-2048) <a href="http://www.medicare.gov">www.medicare.gov</a>
MetLife Life Insurance	1-888-201-4612
The Social Security Administration For updating your personal information (name, address, etc.) on file with Medicare	1-800-772-1213 (TTY: 1-800-325-0778)
Your Benefits Resources Website	<a href="http://resources.hewitt.com/alcatel-lucent">http://resources.hewitt.com/alcatel-lucent</a>
Lucent Pension Service Center	1-866-429-5764 (TTY: 1-866-429-5765)
LRO Website	<a href="http://www.lucentretirees.com">www.lucentretirees.com</a>
LRO Benefits Email Address	<a href="mailto:benefits@lucentretirees.com">benefits@lucentretirees.com</a>

**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

Register Me As A New LRO Member

\$25 Annual Membership

\$100 Five year prepaid Membership

\$350 Lifetime Membership

Name: \_\_\_\_\_ Email address: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ City: \_\_\_\_\_

State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ 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: \_\_\_\_\_