

NRLN AVAYA RETIREES CHAPTER

December 21, 2016

To: Avaya Pensioners

In the attached Wall Street Journal Article: **Avaya - How an \$8 Billion Tech Buyout Went Wrong**, at the end of the sixth paragraph there is this sentence, "Avaya is weighing a chapter 11 bankruptcy filing to slash its \$6 billion debt load".

Toward the end, the article states: "Companies that file for chapter 11 protection sometimes seek to terminate their pension plans, putting them in the hands of the Pension Benefit Guaranty Corp., the U.S. pension insurer."

One of the two reporters who wrote the article, Marie Beaudette, talked with me and wrote that Avaya retirees are backed by the National Retiree Legislative Network and I have been overwhelmed with calls from worried retirees. The article ended with my quote "We're not going to go away."

One of the reasons the Avaya Retirees Chapter was formed affiliated with the National Retirees Legislative Network is because of the NRLN's experience of working with retirees of Delta Air Lines, General Motors, Chrysler, Delphi and Kodak when their companies filed for bankruptcy. The NRLN is familiar with the bankruptcy court process and the actions the Pension Benefits Guaranty Corporation takes when a bankruptcy results in the termination of a pension plan.

“PBGC is a federal agency created by the Employee Retirement Income Security Act of 1974 (ERISA) to protect pension benefits in private defined benefit plans - the kind that **typically** pay a set monthly amount at retirement. If your pension plan is insured by PBGC, and it ends without sufficient money to pay all benefits, PBGC's insurance program will pay you the benefit provided by your pension plan up to limits set by law. PBGC is not funded by general tax revenues. The funding comes from (1) insurance premiums paid by companies whose plans we protect; (2) investments; (3) assets of pension plans that we take over as trustee; and (4) recoveries in bankruptcy from the companies formerly responsible for the plans. Your insured plan remains protected even if your employer fails to pay the required premiums.

“PBGC guarantees ‘basic pension benefits’ as provided by your pension plan, subject to legal limits. These benefits include: pension benefits at normal retirement age, most early retirement benefits, disability benefits, and annuity benefits for survivors of plan participants.

“PBGC's insurance program does not cover health and welfare benefits, severance and vacation pay, life insurance, lump-sum death benefits, certain other death benefits, and other non-pension benefits. PBGC does not make cost-of-living adjustments (COLAs) to the benefits it pays.”

It should be noted that the PBGC does not cover any Supplemental Pension Annuities’ payments.

The PBGC’s maximum guarantee for participants in single-employer pension plans is based on the individual’s age on the plan’s termination date – [these maximum guarantees are posted on the PBGC’s website here](#). We are planning to fight Avaya in Bankruptcy court to protect all of our earned employer-sponsored

pensions and benefit plans that were part of our retirement.

Last week I began consulting with different legal firms that specialize in bankruptcy court procedures about retiree rights and PBGC's role on the creditors committee. If bankruptcy happens your Chapter will immediately pursue getting a seat on the court's Health Care Committee. This is job one and is not an easy task but we can draw on the expertise of the NRLN and its retiree organizations that have gone through the bankruptcy process.

Bill Kadereit, President of the NRLN stated **"We are all very concerned about our pensions and benefits that would be affected by an AVAYA Chapter 11 bankruptcy filing.** Our highest concern is that AVAYA plan participants of a terminated plan may be flabbergasted to learn that PBGC pension benefit payments are severely discounted for every month under age sixty-five (65) they are at the time of a plan termination. In 2009 Delphi retirees lost all healthcare benefits and thousands ended up with monthly PBGC pension checks 40% or more under the PBGC age 65 pension payment guarantee. The AVAYA retiree universe is skewed toward the under age 65 level, so we fear more desperation may be coming."

Please share this email and the attached article with Avaya retirees who may not be aware of our Chapter. The hot link below will take you to a web form that you and other Avaya retirees can fill out and email back to me so additions can be made to the Chapter's database of retirees from all the different locations around the country. The Avaya Chapter of the NLRN would appreciate for all Avaya retirees to click on the form and submit it back to us:" The more members we have the stronger we become.

<http://www.123contactform.com/form-2322689/Avaya-Contact-Form>

Go to www.nrln.org under the NRLN Logo banner you can click on Chapters-Avaya Chapter's webpage is listed there. We will post new information as it becomes available, so check in to the NRLN web site often to get the latest news from your Chapter, also you can see our Legislative Agenda/Whitepapers, etc. on the NRLN website

Vern Larson, President,
NRLN Avaya Retirees Chapter

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