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AT&T managers sue over pension changes

By Brian Tumulty

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WASHINGTON -- The legal assault against employers that have converted their traditional pension plans to cash balance plans is taking a new twist in a federal class-action lawsuit involving 45,600 mid-level managers at AT&T.

In court papers filed this month, employees charge AT&T executives rushed to make pension plan changes Jan. 1, 1998, without fully informing their own board of directors. And they waited almost three years after the pension changes took effect to disclose them in a public document dated October 2000 that should have been filed with federal agencies before the revisions took effect.

"They didn't actually have the amendments in place before they started implementing these rules," said Stephen Bruce, who represents AT&T middle managers in the federal lawsuit. "The employees couldn't check things before the fact and the board (of directors) wasn't really told."

A federal judge handling the case has not ruled on the allegation, which is based on internal AT&T documents the company was forced to turn over to attorneys representing the employees.

Waiting for an answer

Jane Banfield, a former sales executive at AT&T's Florham Park, N.J., office who left the company in 2002 with 22 years of service, said the company has never admitted to employees the changes resulted in a reduction in future retirement benefits.

"The thing that struck me the most is that the board really didn't know what was happening to their employees and they didn't tell us," Banfield said. "If you worked for the company, you thought Ma Bell would never do anything to intentionally hurt you."

One court exhibit shows that the AT&T board of directors' decision to change the traditional pension plan in April 1997 was stamped as confidential instead of being filed with federal agencies.

In addition, employees of the AT&T benefits consulting subsidiary, ASA, who oversaw the pension plan changes made separate arrangements that guaranteed their own retirement benefits would be more generous than those offered to other AT&T employees. According to attorneys for the employees, that's a violation of federal pension laws.

AT&T has requested a dismissal of the lawsuit.

IBM made headlines last month by agreeing to a \$320 million partial settlement of a class-action lawsuit by employees regarding the first of two pension plan changes made in the 1990s.