

BELL PENSIONERS' GROUP

Corporate Bulletin June 30, 2000

President's Message:

Don Beauchamp- President BPG

As I sit here at my keyboard on the 18th of June, (Fathers Day), writing this message I can only marvel at the speed of change in our environment. Change also impacts us as pensioners of Bell Canada. The Confederation Life liquidation process has ended; BCE has divested the majority of its ownership in Nortel; there is now a 20% ownership of Bell by a foreign stakeholder (SBC); BCE is buying Teleglobe and CTV; Bell Community Volunteers have been dissolved; and Bell is introducing new health and insurance plans. I am sure there is more, but I think I have made my point. If ever there was a need to ensure the continuation of a strong BPG organization, that time is now. Some members have suggested since the Confederation Life matter has been resolved there is no need to continue to be a BPG member. We hope that rationale is not too wide spread. The reality is, that over the past year or two, BPG efforts have not been directed at Confederation Life but at other Bell and Government issues. That is why we changed our mandate three years ago – to safe guard the benefits and privileges earned by our members during their working years and to empower our members through information and knowledge. This is not the end; it is only the beginning. How successful we can be is up to our members in how they participate in the organization and how well they do in recruiting the 20,000 Bell pensioners who are not BPG members. It is not a trivial challenge.

We have just completed our Annual General Meetings at the five Chapter locations (attendance was about 1000 BPG members) and we want to thank those members who attended for their continuing support. For those who could not attend this bulletin should bring you up to date on the issues covered at the meetings.

I am now well into my fourth, and last, year as President of BPG. The experience has been both rewarding and frustrating, (at least at times). We have grown from 1100 to 4500 members. That's good, but not as good as I expected. My target was 5,000 members by 2000. For BPG to be a strong advocacy group we need 10,000 members. We have made many significant gains, but we could do more if we had more resources. A small core of members does most of the work. It's a volunteer group so we are only as strong as the resources we have at our disposal. We have something good here in BPG but there is a need for new blood if our success is to continue. BPG needs more help. We need candidates to take on executive positions. Skills and tools are necessary to take on these roles and we know these resources are out there. We need people at the Chapter level to get involved with Chapter business and issues and we can always use help on Corporate projects. So if you think you can help contact your Chapter Chair. If you know a pensioner who could help, (even if they are not a member now), urge them to get involved.

1999 Corporate Financial Report:

Doug Frame – Treasurer BPG

During 1999, BPG's total revenue was \$65,171 and total expenses were \$58,076. This compares with \$81,058 in revenues and \$38,320 in expenses in 1998. Revenue decreased in 1999 due to not having fall meetings in London, Montreal and Quebec where a significant number of memberships for the following year are normally paid. (Our accounting system is cash based and we book revenue when received). A larger percentage of the year 2000 membership dues are appearing on the books this year. The increase in expenses is the result of more activity within the chapters and the Board dealing with the many issues now on the BPG agenda. Despite this lag in membership revenue and the increase in our expenses in 1999, total revenue exceeded expenses by \$7,095 for the year and our overall assets were \$113,073.

Legal Fund contributions collected in 1996 from those with investments in Confederation Life, were refunded in 1999. Over 1,000 members received cheques for \$56.50 representing their original contribution plus interest. Individual Chapter Financial Reports were reviewed at their respective Annual Meetings along with the Auditors Report. As well, each chapter approved a motion to re-appoint BDO Dunwoody as the Auditor for the year 2000. Overall, BPG continues to be in a healthy financial position, thanks to the support of its members and is in a position to carry on addressing and resolving the many issues outlined in this bulletin.

Confederation Life Update/ Closure:

BPG Directors

At our 1999 Annual Meetings, and in our 1999 Corporate Bulletin, we were pleased to be able to announce that the

liquidation payout level had been increased to 100% effective April 30,1999. Who would have thought that just one year later the liquidation process would wind up for Bell Canada participants? As we said last year, this outcome exceeds our best expectations. By the time you receive this bulletin your final payment will have been transferred to your carrier and you should have received your final statement from Confederation Life.

At the Annual Meetings we reviewed some of the steps that led up to this final payout decision:

- Feb24/00 – BPG was advised that the liquidator (KPMG) was considering expediting the payout process for the accounts remaining in the Group Pension Account. This included about 5,000 Bell participants.
- BPG requested that the greater of Book versus Market be considered for the payout. This request was confirmed in writing along with suggestions that any transfer of carriers should be free of charge and that sufficient lead time be given to effect any changes to a participants investment strategy. We also requested that any communications with participants should include an explanation of the rationale for the decision, a reminder of the 100% point condition and the repayment to Bell and how RRIF's would be handled.
- Mar 15/00- Notice of plan for early payout sent to members.
- April 4/00 – BPG advised of decision by the Liquidator to proceed to court for approval of plan.
- April 7/00 – BPG advised that court had approved the application.
- The court decision - that holdings as of May 3/00 would be liquidated at the better of Book or Market value. Final fund transfers would be made on or before May 31/00 and that daily interest would be paid for the period between liquidation and final payment.
- Final Bell Enhancement payment was on April 30/00
- April 14/00 letter from Confederation Life to participants outlines details of the plan to members.
- Every member (account) will receive a final statement by June 30/00.

Our understanding, at the time of preparing this bulletin, is that most accounts were closed out at market value. The difference in most cases is not substantial as the book & market values had more or less converged. We believe that was the reason why the liquidator (and the court) agreed to this approach, as there would be very little impact, if any, on the estate. Also ,as stated in the communication package and as covered in the Bell Enhancement Agreement(BEA), the 100% point was triggered which means Bell must be repaid any funds advanced through the enhancement payments. The BEA also specifies that once we are made whole (that is guaranteed to receive 100% of our funds) Bell receives some interest, based on the fact that the enhancement payments accelerated the payment of cash during the liquidation.

In summary, what a relief!!!! This is a major victory for those of us who were caught up in this Confederation Life fiasco. On behalf of the BPG Board and members we want to say thanks to the Liquidator, KPMG for a good job in liquidating the estate and in closing out the process 16 months ahead of the original schedule. We believe we have all learned some valuable lessons from this experience and we hope these lessons will be utilized in future investing strategies.

Dialogue with Bell: BPG Directors

Since our last Corporate Bulletin (July 99) BPG has had two formal meetings with Bell - Oct 13, 99 and April 14, 2000 and Bell attended two BPG fall meetings in Ottawa & Toronto. BPG was represented at the meetings by the President and other members of the Board while Bell was represented by Michael Boer (V-P Compensation & Benefits) and members of his staff. These meetings allow for the continuing exchange on issues and concerns of our members and give us an opportunity to be updated by Bell on current activities and issues that may impact existing pensioners. We do not always agree on issues but it does give BPG an opportunity to present our concerns. The following update will give you an overview of the issues discussed at our April 14 meeting.

Discount Plan

The old concession plan was discontinued in August of 1999 and a new "Discount Plan" was introduced for both employees and pensioners. Pensioners were given the option of CASH COMPENSATION or the DISCOUNT PLAN. Employees were not offered the CASH option. Many pensioners took the cash option (which is taxable) however, it appears that the vast majority of pensioners stayed with the discount plan. BPG met with Bell (Oct 13/99) to review plan details and to express concerns regarding the plan and the implementation schedule.

Two action items resulting from that meeting were; Bell's agreement to extend the deadline for the CASH option to Nov.99 and their agreement to attend any BPG meetings to review the Bell decision. Michael Boer and members of his staff attended Fall Meetings in Toronto and Ottawa. The other Chapters issued Bulletins that essentially covered the content of the Bell rationale (a key issue was that the old plan was to become a taxable benefit & Bell was being forced by Revenue Canada to apply the rules). Following these meetings BPG identified to Bell, in writing, concerns and suggestions that we felt Bell should consider.

- Bell should move quickly to add new services to the Plan.
- Fix the billing problem with the 2nd (cottage) line.
- BPG feels strongly that there should always be an option (for pensioners) to switch from the Discount Plan to CASH..
- BPG would like to see the Discount Plan transferable to the spouse after the death of a pensioner.
- Introduction of the plan was poorly handled and communications with pensioners was not satisfactory. The implementation schedule was not well planned.

The BPG Board met with Bell on April 14th to review the above issues. Following is a summary of those discussions:

Adding Services

- All services within the Bell Canada billing system are now eligible for the 35% discount. This includes smart touch services, Simply One and the new internal wire package.
- Other services (Express-Vu, Cell phone, Sympatico) will only be available once they are billed through the Bell Canada billing system. This is Bell's long term plan - one billing system for all services.
- BPG was advised at the meeting that there would be a special offer to employees and pensioners from Sympatico. This offer is not part of the 35% discount plan but because of the delay in getting Sympatico into the plan there was a need to offer something in the mean time to meet the demand. This offer was announced in the Bell News. BPG feels this offer is as good or better than the 35% discount.
- 310-BELL can advise pensioners as to what services are eligible for the discount plan. This is a better source for information than Bell World stores. FYI 80% of the Bell World stores are franchise operations and do not offer discounts on equipment.

Second Residence

- A 2nd line in the same NNX (same exchange) is available for the 35% discount plan.
- A 2nd line in another NNX requires changes to the billing system. This is a high priority item with both pensioners and employees and will be addressed, however, no implementation date was offered.

Change from Discount to Cash

- Bell has agreed to our request. An annual window will be made available for pensioners who want to who want to change from the discount plan to cash.

- This option will be officially announced, by Bell ,later this year. The time frame (window) will probably coincide with the window to change from Cash to the Discount Plan.
- This change means there is now more flexibility for pensioners.

Transfer of Discount Plan to Spouses

- Bell has also agreed to this request from BPG. After the death of a pensioner the spouse will be able to remain on the discount plan.. This offer does not apply if the cash option was taken.
- Bell will also make this announcement later this year. BPG has also asked Bell to consider making this offer retroactive to existing spouses of deceased pensioners. Bell said they would review.

Sun Life Demutualization

Sun Life announced early in 1998 that it planned to follow the trend of other major insurance companies in the demutualization process. Since Sun Life is the carrier of our Group insurance policy and was also the main carrier for the optional insurance plans we had as employees, so BPG felt it should pursue with Bell the question as to whether there were any benefits here for pensioners or employees.

Bell could not give us an immediate answer. BPG raised this again in our fall meeting with Bell (Oct 99) and again in writing on Dec.99. Finally, at our April 14/00 meeting Bell reviewed with the BPG Board the details affecting Bell Canada Policies from the Sun Life Demutualization. Following is a high level summary of the key factors:

- The policy must be a participating policy under the demutualization rules and the policy must have been in force (you had to have the policy) on Jan 27, 1998.
- Only two Bell policies qualified as participating policies under the demutualization rules: the Optional Group Life Variable Premium policy and the Optional Group Life Fixed Premium policy.
- Basic Group Life insurance was not considered a participating policy by Sun Life.
- This is the Bell Canada benefit, there is a similar impact for other BCE Companies (BCI, Nexacor, Nexxia, etc.)
- Total value of the benefit received by Bell from Sun Life was \$6,566,300. These benefits will be distributed to the employees & pensioners who participated in the applicable plans. \$342.00 per participant will be distributed. The vast majority of the funds will go to employees.

Bell's plan is to distribute these benefits as follows:

Employees- \$342.00 will be put in their 'FLEX' account and must be used in two years.

Pensioners - \$342.00 will be put into a special account with Manulife and be used for reimbursement of health care expenses not paid for by the current plans. .Bell will communicate this plan with Pensioners as soon as it identifies those who are eligible to receive the benefits.

Even though only a few pensioners benefited from this demutualization process we believe that BPG's role in asking the questions and our persistence in requesting answers has continued to make Bell aware of our presence. In the end Bell shared the final details with us in advance of making it public to employees.

New " FLEX " Health Care Plan

In the July 99 Corporate Bulletin we gave you our initial understanding of the new health care plan Bell was planning to introduce. The plan is being introduced a year later than planned for employees and future pensioners who retire after July 1, 2000. Bell gave BPG an overview of the new plan at our April 14th meeting. Some of the details have

changed so we will try to give a broad overview of the key factors. However before we do there are two points we want to emphasize:

- **Current pensioners are not included in this plan. We continue to be covered by the existing post-retirement benefits program.**
- **The new 'FLEX' plan is certainly more flexible, however Bell is introducing this plan to control costs. There is a contributory (cost-sharing) element to this new plan and some existing benefits must be given up.**

What is the New 'FLEX' Plan ?

Bell Canada's new "FLEX" plan covers four kinds of benefits: Health Plans, Life Insurance Plans, Accident Insurance Plans and Disability Insurance Plans. It also introduces a new post- retirement benefit plan for employees retiring after July 1, 2000.

There was no way at the Annual General Meetings or in this bulletin that we could cover all the details of these plans so we will only briefly review the Health, Insurance and Post- Retirement Plans .

Health Plans

Medical Plan:

- No deductible, 80% reimbursement rate, semiprivate only room, no coverage for travel outside of Canada, vision care \$150/2 years.
- Employee covered, \$ 100 year to cover dependents.

Dental Plan:

- No deductible, 80% (routine work) 50% (major work) reimbursement rate, 2 year lag in the dental rate fee, 9 month limit on oral exams.
- Employee covered, \$100 year to cover dependents.

Personal Travel Insurance:

- Employee is covered for business travel only. Medical plan does not cover personal travel costs therefore an out of country travel insurance plan is required. \$ 52 year for family.

Flex Pot:

- Each employee is given \$500 a year in FLEX dollars to buy the above coverage. The balance goes into an HRA (Health Reimbursement Account) for use, at the employees discretion, for other "FLEX" plan costs. There is a two- year limit on spending the \$500.

Basic Life Insurance Plan

- Current \$5,000 coverage (option D) and the Transition benefit are gone and now the employee is covered for 1 X annual salary (company paid).
- Options A,B,C are gone replaced with optional insurance (employee paid) based on age, gender & smoking status. Same for dependents. We believe rates will be higher than the old plans.
- There is a whole range of optional plans that replace the existing plan for accident and disability insurance.

Post-Retirement Benefits Plan

There are two options, so new pensioners must choose:

Plan A – Basic Medical Only:

- Retiree & dependent coverage at no cost, same reimbursement rates as employee plan, \$50,000 life time limit, spouse covered for 3 months after death of spouse.
- Life insurance. Upon retirement, employee chooses between a \$10,000 life insurance benefit and a lower cost for the survivor pension option (which results in a higher pension).
- **There is no more TRANSITION BENEFIT.**

Plan B – Medical, Vision & Dental:

- Retiree with no dependents, coverage at no cost.
- Retiree with dependents- retiree coverage at no cost, dependent at \$12/ month.
- Reimbursement rates same as employee plan, \$75,000 life time limit, continuation of plan for spouse as long as premium paid.
- Life insurance decision same as in Plan A.

Note: Life Insurance (Options A<B<C) no longer exist. However for those employees enrolled in these options ,as of July 1,2000 , there are some grandfathering rules to cover their benefits.

Key Considerations

When evaluating the merits of this new plan there are a number of key factors that must be taken into consideration: there is no more transition benefit, the basic life insurance plan has changed – options A,B & C are gone, a new pensioner must pick between a death benefit or reduced cost for the spousal pension and finally and most important this is a cost sharing (contribution) plan. The initial costs appear reasonable but there is no guarantee as to how high these costs could go- so there is an unknown component.

Will Bell offer this new plan to current pensioners?

There is no clear answer to that question. Bell advised BPG that it would only consider this question after the plan has been fully implemented for employees and new retirees. There are many questions that would have to be considered. Would Bell have to modify the plan to make it applicable to existing pensioners? BPG will review again with Bell at our fall meeting.

Communications with Pensioners

One of the items we discuss at every meeting that BPG has with Bell is how well Bell communicates with pensioners. Our general view is that it is not good and if anything, is deteriorating. One of the key issues that Bell wants pensioners to understand is that the company is changing. Bell is no longer just a wireline company operating in Ontario & Quebec but a national company with a full range of communications offerings (a quick review of the chart on page 2 of the BCE Annual Report will show how BCE and Bell in particular has changed). These changes will drive how Bell wants to look at employees, the market and to the public. This new structure and employee profile will also require different pension and benefits programs- so we will see changes. Also foreign ownership is always a threat. SBC now has a 20% ownership stake in Bell Canada and that level is only limited by current legislation.

BPG understands the new Bell direction but does not accept that existing pensioners needs and interests are not being addressed (at least not to our satisfaction). Some of the specific items we discussed at our meeting are outlined below.

Inter-active Voice Response System – new simplified system introduced in Mar. 2000. Its still too early to know if this enhanced service is an improvement so we will wait for our next meeting to comment.

Bell News- BPG reflected the concerns of pensioners (not the first time) for the loss of items like obituaries, retirements, coming events and people oriented stories. Bell's response is that the Bell News has been repositioned to be more strategic and business oriented. It is #1 an employee newspaper and some of what we discussed above- the different employee profile, drives this change. A lot of what pensioners want to see is now on the Bell internal WEB site. Pensioners do not have access to this site– so that takes us to the next item.

WEB Site – Bell advised BPG at the meeting that they plan to have a WEB site available to pensioners by July 2000. BPG along with the Pension Information Committee reps. have been requesting this for some time. All the details are not known at is time but it will be a start up mode with new features as the need evolves. The first item to go on the WEB site will be the Pensioners Guides. BPG has requested that obituaries and retirement notices be added ASAP. Pensioners will need their employee # to access the site. BPG understands that not all pensioners have access to the internet, however, this capability is growing rapidly through family, friends and even the local library. Bell also agreed that it would be interested in BPG views as to future additions to this WEB site. So we have an opportunity. It will be important that pensioners make use of this WEB site once it is operational or Bell will not want to expand the content of the site.

Pensioner Newsletter- There was some discussion with Bell as to the possibility of a pensioner newsletter. This was also mentioned in the Bell News (May 1). BPG will continue their dialogue with Bell as to content if a newsletter is in the cards.

Bell Corporate Social Responsibility Policy – Based on the recent news of the decision to dissolve the Bell Community Volunteers (previously the Bell Pioneers), BPG asked to review the new policy on social responsibility. The new program is to be announced at the end of June (it may be public before you read this bulletin). BPG will wait to see the final plan before commenting. We believe Bell is already reconsidering some of its implementation plans based on initial comments. Our hope is that this change will not hamper the good work of our fellow pensioners in BCV and we encourage all groups to find ways and means to keep up the good work.

Pension Information Committee Rep's. Report : **Dan Braniff (Ontario) & Jean Marc Hebert (Quebec)**

Pension Information Committee Elections this summer

The elected representatives mandates terminate on 31 December this year. Elections will be held this summer. Messrs. Braniff and Hebert will not run again.

Despite numerous reminders, there are still a good number of pensioners who are not well informed of the privileges the pension plan offers. You would be well advised to read the 1998 PIC report again.

For example, the survivor option Several cases of unreported spousal deaths are springing up as pensioners who chose the survivor pension option when they retired are becoming aware that their pension would be reinstated to the full amount if their deceased spouse was the designated beneficiary. The adjustment will be made retroactively to the month following the death of the spouse if the pensioner was on the payroll prior to January 1st, 1987 and service was uninterrupted until retirement. If you know of pensioners who have lost their spouse, why not ask them if they are aware of this adjustment possibility. If you are aware of a pensioner who has passed away after his spouse, you might inquire if the estate is aware of the possibility. In such a case, advise your Pension Information Committee rep so that he may follow-up on the case.

Pension Act under revision

The Bell pension fund is governed by federal legislation. A Federal government Bill (S3) is currently being studied which will define the rules under which employers may withdraw surplus funds from their company pension fund. The Bell Pension Plan text already allows for that possibility.

The Pension Plan text states in its article 12.1 that, subject to applicable legislation, the company reserves the right to withdraw from the Fund any part of the funding excess as determined by an actuarial valuation. No amendment to the Plan shall have the effect of diminishing the benefits accrued to or in respect of any Member or surviving Spouse to the date of such amendment.

The Pension Plan text further provides that the company reserves the right to amend or terminate the Plan or to discontinue contributions at any time. We as your PIC representatives requested further information about why, when and under what circumstances. The company has yet to answer these questions at the time this went to press.

The PIC pensioner reps have asked that the subject be put on the agenda for the next PIC meeting. Dan Braniff has already made contact with his MP/MNA to ensure proper follow-up and support. This subject will be covered in detail, in a later bulletin or at the fall meetings, when more information is available on the status of the intended legislation and its discussion and review at the next PIC meeting.

Pensioners and beneficiaries Web Site

In answer to the pensioners representatives demands that Bell broaden its means of communicating with pensioners, Bell has promised that a web site for pensioners would be opened in July. You will likely have to use an employee number and possibly a PIN to ensure privacy.

Company considering meetings with Pensioners and Beneficiaries

Bell is also considering arranging meetings with pensioners to review Pension Plan issues.

Pension Information Committee Representatives

The current representatives on the PIC have advised us that they will not run for a second term. There are only two representatives on the PIC to represent all pensioners; one for Ontario and one for Quebec. BPG feels that it is important that representatives elected to these positions have the knowledge and skills required to understand and question the information presented by Bell at these meetings. BPG can offer a forum for reporting on pension matters of interest to our members, through our meetings and bulletins. During the last PIC election BPG endorsed the two candidates who were overwhelmingly elected to represent pensioners in Ontario and Quebec. Messers Braniff and Hebert have done an excellent job for the past two years. They have kept BPG directors informed and made presentations to members at our general meetings. We would like to continue to endorse candidates for the next election. This means BPG will need to identify two new candidates soon. BPG invites its members to submit the names of members whom they feel have the skills and interest in filling this role. A resume of the skills and experience that the proposed candidate would bring to the task would help us in our choice. The candidate whose name is submitted must have been informed and they must be in agreement with the nomination. A member may submit his own name. There is not a lot of time available for this canvas so we would ask that all applications be received by **July 25, 2000**. The BPG Board along with the current PIC reps will consider all candidates and endorse the candidates that best represent the interest of all pensioners.

The format below should be utilized for your submission.

- **Name and address (including e-mail) of the proposed candidate skills, experience and interest**
- **Name and address (including e-mail) of the nominator**
- **I have contacted the proposed candidate and he/she has accepted.**
- **Your signature and date**

Send resumes as outlined above to:

Ontario

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Toronto Chapter Report: Carol Reid - Chapter Chair

The Annual Meeting of the Chapter was held on May 17, 2000 at Pavillion Royale on Dixie Road in Mississauga. Over 200 members were in attendance. Dave Grieve chaired the meeting in my absence.

Don Beauchamp, President of BPG made his report, followed by Corporate & Chapter Financial Reports presented by Doug Frame and Gerry Moss. Dan Braniff reported on the Pension Information Committee. Following a short break, Fred Kempster introduced the two guest speakers, Keith Shadlock, Q.C. and Robert Lof, who specialize in Family Law, Estate Planning, Wills and Power of Attorney.

Their presentation was well received.

We can be reached at:
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