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LOCAL BUSINESS

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Hinchey still fighting for pension-reform legislation

Jeff Platsky
Business Editor

In vigorously fighting a change in their pension distribution formula, IBM Corp. workers may have unknowingly helped save the pension benefits of thousands of other workers across the country.

That's the estimation of U.S. Rep. Maurice D. Hinchey, D-N.Y., who supported thousands of IBM workers in publicly chastising the computer giant in 1999 for making wholesale changes in the pension plan, changes that workers said cheated them out of hard-earned pension benefits.



JEFF PLATSKY
Money Matters

"IBM employees not only helped themselves but also helped untold others," Hinchey said this week. The wave of companies switching from defined benefit plans to cash-balance pensions has ebbed, and Hinchey said that may be a direct result of the very public, and uncharacteristic revolt by IBM workers.

In switching from a traditional pension plan, in which workers earn most of their retirement

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benefits toward the end of their careers, to a cash-balance plan, where workers accrue benefits over the length of years, IBM drew the ire of their long-time employees who said the change would cost them tens of thousands of dollars in pension benefits, in some cases.

IBM eventually reversed its decision and allowed those with more than 10 years of service in mid-1999 and who were more than 40 years old retain their old pension plan.

"IBM's behavior was better than most," Hinchey said.

Nevertheless, Hinchey and his Democratic colleagues want to close off the avenue that allows companies to change their pension plans without giving employees a choice in the matter.

Legislation that arrived on the floor of the House of Representatives last year was watered down, Hinchey said. It only required that companies provide extensive explanations of how the pension plan changes specifically affect each of those affected.

Cash balances are being challenged across the country right now," said Lee Conrad of Alliance IBM, an Endicott group trying to organize a union at IBM. "We're hoping for Congress to do something."

Eighteen months after Hinchey started lobbying for dramatic changes in pension regulations he and his cohorts have little for their efforts. Attempts to pass a pension reform bill failed in the 106th Congress, and prospects for similar legislation this term are dim.

"I can't honestly be optimistic," Hinchey said, given a Republican controlled Congress and a George W. Bush administration.

Still, he said he'll battle on with others to prevent the IBM scenario from repeating itself at other corporations.

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"IBM was not the first to do this," he said.

Of more immediate concern to current IBM retirees is new, and higher fees for retiree health care coverage. Hinchey said he is joining with U.S. Rep. John F. Tierney, D-Mass., in introducing a bill that would prevent companies from curtailing health benefits after retirement.

Hinchey said he has received several letters and phone calls from IBM retirees who are irked by their former company's move to have retirees kick in for health benefits.

The Tierney bill "would attempt to safeguard people who have retired from having their benefits cut back or eliminated," Hinchey said.

"This would essentially prevent post-retirement changes."

Jeff Platsky is business editor of the Press & Sun-Bulletin.

WEEK IN REVIEW

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