

December 13, 2006

To: All Local Presidents - Legacy SBC Bargaining Units
From: Kristie Darling, CWA Representative
Subj: Pension Rules

Question: Is there a pension band increase in 2007 or 2008 or 2009?

Answer: Yes. Please remember to look in your contracts. Benefits are listed in Appendix D [pension beginning on page 253] or Appendix E - [pension beginning on page 283].

Question: How do I retire with this years GATT rate and next years Vacation [if so desired]?

Answer: Need to talk in the right terminology. Use the phrase "the last day worked" or last day to be on active payroll.

To receive the current GATT rate and next years vacation your last day worked has to be 12/31 of each year. 12/31 cannot be your first day retired - it must be your last day worked/as active on the active payroll.

Question: Does this happen every year?

Answer: Yes.

Question: What if 12/31 falls on a Saturday or Sunday?

Answer: Doesn't matter - it can still be your last day worked or if not worked; your last day on payroll. [HR and Labor Relations has been told this repeatedly] Refer HR or LR to Patti Peterson if Mgr's insist this isn't true.

Question: If I retire this year why do I get next years vacation?

Answer: See Article 2 Definitions - of a Vacation Year. The vacation year begins on 12/31 NOT 1/1. SBC rules say that to be eligible you need to have worked at least 1 day into the new vacation year. 12/31 does that for you; thanks to our elected bargaining team.

Question: How does the new Pension Protection Law impact our lump sums at SBC?

Answer: According to legal advice from our research dept; the new law should not impact us because our contract specifically states that our lump sums are calculated using the GATT rate and the GATT rate will continue to be published. [Page 283 & 291] IF ADVICE SHOULD CHANGE - YOU WILL BE THE FIRST TO KNOW.

Question: When does the new law start?

Answer: 1/1/08 for those impacted.

Question: Can this new law make me repay any of my lump sum if I retire in 2006 or 2007?

Answer: Again our research team advises us that this provision in the law only applies to those "highly compensated" workers; usually meaning CEO's and the like, and should not affect anyone in the bargaining unit.

Question: Does the law take away our right to have lump sums?

Answer: Only if the pension plan is "way" under-funded. Today we are certainly not under-funded and we will continue to monitor as best we can to see that it doesn't get under-funded in the future. There is not a lot of motive for SBC to let it get under-funded at this time. They make a bundle out of those of us who take lump sums.