

Future bleak for Nortel disabled

400 workers to lose drugs when company is dismantled

BY ZEV SINGER, THE OTTAWA CITIZEN JULY 22, 2009

OTTAWA — Carol Sampson calls it her “little hardware store,” the metal plates, rods, screws and pins that hold her spine together.

The spinal problems are only one aspect of her physical challenges; the Ottawa woman's medical file is more like a library.

For the last 11 years, Sampson has been on long-term disability from Nortel. Soon, she stands to lose that income and all the benefits that come with it — like the drug plan that pays \$50,000 a year for all her various medications.

Simply put, when Nortel is gone, so is the money.

“I'm scared,” she says over and over again.

Sampson is 48 years old and, for her, 17 years looks like an awfully long time before she can collect a much diminished pension.

“If I manage to survive until I am 65,” she cautions.

There are about 400 former Nortel workers in the same boat as Sampson, a boat many of them didn't realize they had ever boarded.

For many people on long-term disability, the money comes from an insurance policy paid for by the company.

But sometimes a company will choose instead to set up its own fund to cover the costs of long-term disability payments. Although the 400 people like Sampson were getting their cheques from an insurance company, Sun Life, that was simply an administrative function Sun Life was hired to perform. The money actually came from Nortel's Health and Welfare Trust. The arrangement is called an ASO (“administrative services only”).

Under normal circumstances, this alternative system makes no difference to the person on long-term disability. But if the company goes bankrupt, there is a very big difference. An actual insurance policy would be guaranteed, Nortel's Health and Welfare Trust is not.

When Eaton's went bankrupt 10 years ago, the company, which also used an ASO system, immediately cut off the long-term disability cheques. So far, Sampson and the 400 others continue to

get their cheques, but the future is anything but certain.

There is some money remaining in Nortel's Health and Welfare Trust, and this, at least so far, appears to be out of the reach of other creditors. But Susan Philpott, a lawyer with Koskie Minsky in Toronto, which is representing the group of Nortel long-term disability recipients, says she has seen an actuarial report from Nortel that makes it clear there's not enough money in the trust to cover all the costs.

Philpott says that while the Nortel long-term disability people make "a very sympathetic group," she isn't counting on the government to come to the rescue. "They didn't do anything for the Eaton's people," she says.

Nortel spokeswoman Karen Monaghan said Tuesday night the company is aware of the situation.

"I can tell you that we are reviewing our benefit policies and the impact to employees once all of Nortel's assets would be sold and we'll provide more information as those decisions are made," she said.

"We certainly do understand that this is a very stressful situation for those individuals. But, at this time, I don't have an answer on what the outcome will be for them."

Ottawa-West Nepean MPP Jim Watson says he has met with a number of the Nortel long-term disability recipients and has "asked our provincial officials to ensure that their concerns are not forgotten when the federal government, provincial government and private sector interests are dealing with the Nortel file.

"I'm not sure what the answer or final outcome will be, but we must continue to ensure their voices are heard at the decision-making table."

For Sampson, who is unmarried and says she has no idea what she'll do if the cheques stop coming, the prospect is terrifying.

She was 19 when she started working on the assembly line at Bell-Northern Research and worked her way up to product release manager. "I loved my job," she says.

When she left on long-term disability, at age 37, the company was so big, and so healthy, she says she never imagined she'd see it crumble.

She has been through five spine surgeries, a brain abscess, a debilitating leg problem, diabetes — and a divorce, for good measure — but she says this situation is the worst.

"This is more worry for me than anything else I've been through."

