

Financial Post **Wealthy Boomer** **Supreme Court may be last hope for disabled Nortel employees**

[Jonathan Chevreau](#) January 10, 2011 – 4:26 pm



Jackie Bodie, a 40 year old Calgary woman with Parkinson's Disease and former employee.

Some 400 disabled former employees of Nortel Networks have suffered another legal setback in their fight to receive long-term disability benefits from the former telecom equipment colossus. On Friday, the Ontario Court of Appeal denied a Leave to Appeal motion brought by a group of disabled Nortel employees regarding a [Health and Welfare Trust](#) (HAWT) distribution. See decision [here](#).

As the [ProtectOurTomorrow.com](#) web site reported at the time, as of January 1st, these former Nortel employees are finding themselves cut off from most or all of their expected long-term disability benefits. On New Year's Eve, disability benefits were to cease as part of a court-approved pension settlement for Nortel and its former workers. After Friday's denial of leave of appeal, they now have 60 days to decide whether to file an application for Leave to the Supreme Court of Canada.

Nortel disability benefits funded at 27%; many don't get CPP disability

One of the financial experts working on their behalf — Diane Urquhart — says Nortel disability income is funded at just 27%. Many Nortel disabled do not get CPP disability income. For the average Nortel disabled employee getting average CPP disability income of \$9,700 per year, the combined Nortel and CPP disability income declined to 45% of what it was before Nortel's insolvency: from \$40,200 on average to just \$17,900. She estimates disabled former Nortel workers have average *annual* medical costs of \$7,200 and as much as \$50,000. Disabled with two children receive more than \$47,000 a year in both the United States and the United Kingdom (via Social Security and the UK Pension Protection Fund respectively).

The HAWT assets that were intended to fund the long term disability benefits have been used for other purposes that Urquhart says they were not legally entitled to use. Some of the funds are instead being used to pay life insurance payouts for pensioners who are still living.



Diane Urquhart

“Our position is that future life insurance premiums promised by Nortel were the obligation of the Nortel estate and it was not appropriate for the judge to attach that obligation to the HAWT, which is a distinct legal entity,” Urquhart told me in a telephone interview.

The same thing could happen to 1.1 million other workers

The group estimates 1.1 million Canadians are covered by self-insured disability income benefits plans in the workplace but their security is “now compromised” because of these legal decisions. If their employers meet a similar fate as Nortel, they too could find themselves in similar circumstances. Based on the courts’ current stance, such workers would be well advised to “get out” of them, she added, “The legal doors are closing.”

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