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Nortel sale no windfall to pensioners, disabled 12

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Former Nortel employees are rallying on Parliament Hill to pressure the federal government to do more to protect benefits and pensions when companies go under. SCOTT TAYLOR/Sun Media

Josee Marin doesn't get it.

The recent patent sale by Nortel brought in so much money - US\$4.5 billion - that bondholders may not only reap full value, but may very well do so with interest.

Most of the company's creditors will also see their share of Nortel assets increase dramatically.

It seems the only creditors who won't benefit from the patent sale are the ones who dreamed up those patents in the first place.

People like Marin.

She's among the former employees of the company; the pensioners and the disabled, who made Nortel what it was before lavishly paid executives drove it into the ground.

"This has made many of us go down deep into financial distress," Marin said. She estimates that if she lives on only the necessities of life she might last another three years before she's destitute. That won't be long enough.

"The distribution is unsure and the timeframe is going to be very long. Money will be distributed in little amounts over what might be a decade. By the time the money is all distributed, it won't matter anymore for many of us because we might not even be here to get it."

According to independent financial analyst Diane Urquhart, the disabled are receiving about 25% of what they were getting before the company filed for protection.

"Without government intervention, the foreign-owned junk bonds are trading at above face amount, while the Canadian pensioners get notice of their cuts and the disabled employees get a meager cash settlement of their disability insurance," she said.

Pensioners will see their benefits slashed by a minimum of 18% to as much as 31% depending upon their province of residence and will actually have to give back some of the money they were paid over the past 10 months.

They may regain some of that once the mammoth \$7.6-billion pie is sliced, but, again, that could take years and no one knows how much that might be.

The disabled are in this position because Nortel vastly underfunded its own self-insured Health and Welfare Trust. They lost most of the financial and health benefits last Dec. 31.

It has been reported that an employee who earned \$50,000 a year before becoming disabled could see that income drop to \$13,700.

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