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More than 100,000 Current, Former Workers Given Stake in IBM Pension Suit

[Knight Ridder Business News]

Post-Bulletin, Rochester, MN via NewsEdge Corporation : Sep. 21--A federal court judge in Illinois agreed this week to give as many as 140,000 current and former employees of IBM Corp. a stake in a court challenge to the computer maker's pension plan.

Chief Judge G. Patrick Murphy of U.S. District Court for southern Illinois, certified a 2-year-old lawsuit as a class action.

The ruling allows all IBM workers who were enrolled in the company's pension plan from Jan. 1, 1995, or later to share in any future awards coming from the case.

IBM workers who have protested Big Blue's pension change in 1999 were elated by the long-awaited decision. "It's wonderful," said Beth Harrington of Rochester, one of three former IBMers spearheading the case. "Basically, it's just saying that everybody's covered."

That was an important milestone for workers such as Harrington. When IBM changed to a cash balance pension plan on July 1, 1999, she fell just two months short in time of service for retaining IBM's prior -- and, arguably, more lucrative -- pension. Many other IBM workers also were not given a choice of pension plans because they were younger than 40 years old or lacked 10 years in service.

But IBM continues to battle the pension suit after opposing the motion for a class action. The company will appeal the ruling, spokeswoman Jana Weatherbee said. Whatever that outcome, "the certification doesn't go to the merits of the lawsuit, and we continue to believe the suit has no merit," she said.

Murphy's decision, which was filed on Monday, also will move the case forward, said Janet Krueger of Rochester, national representative for the IBM Employees Benefits Action Coalition. Lawyers can start the "discovery," or fact-gathering, phase of the suit, which had been on hold until the class was determined.

The former IBMers maintain the new cash balance plan violates federal law on pensions because workers who are older accumulate benefits at a lower rate than those who are younger.

The plaintiffs also are contesting changes to IBM's former pension plan, which was changed in 1995.

Specifically, the class action takes in any workers participating in IBM's pension after Dec. 31, 1994.

Murphy's ruling divided the group into three subclasses:

-- Current or former employees whose benefits come from the 1995 changes to the pension formula. The group is represented by Kathi Cooper, who lives in the Illinois court district.

-- Those whose benefits are to be determined by the 1999 cash balance plan, including future employees. They are represented by Harrington, who left IBM a little more than a year ago.

-- Workers who were on IBM's payroll as of July 1, 1999, but left before being vested at five years of employment. They are represented by plaintiff Matthew Hillesheim, another former IBMer from

Rochester.

The case initially was filed on Nov. 1, 1999, in the aftermath of IBM's decision to rewrite its pension plan. Harrington and Hillesheim joined the action, partially at the request of IEBAC officials, on Nov. 16, 2000.

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