

Kodak retirees adapt after bankruptcy

Nov. 10, 2014 • 3 min read • [original](#)

David Tomer's life in retirement is enviably unhurried.

The 71-year-old Greece man works out regularly. Plays bridge. Rides his bike. And he keeps close tabs on the household expenses — a chore all the more important since losing an Eastman Kodak Co. pension with the company's 2012 bankruptcy meant losing about 15 percent of his annual income.

But if there's a good time to take such a financial blow, it was when Tomer and his wife already were downsizing to a smaller house closer to everything they need in Greece, requiring less driving. "Our expenses had gone down already," the Kodak retiree said. "It didn't hurt as much. We're probably more fortunate than most."

A little more than a year ago, Kodak ended arguably the most painful chapter of its life in the form of its Chapter 11 bankruptcy. And like a rock dropped into a pool, that bankruptcy rippled out across the Rochester region, splashing on local suppliers left holding unpaid Kodak bills and shareholders who saw their stock almost literally erased.

But the group arguably hit hardest by the company's bankruptcy was its tens of thousands of retirees who relied on Kodak for much of their post-retirement well being. Their stock cancellation was just the most

recent financial blow for a group that saw some of their pensions eliminated early in 2012 and their health benefits end late that year.

“People for the most part have adapted,” said Art Roberts, head of the Kodak retiree organization [EKRA](#). People over the age of 65 had Medicare to fall back on, he said, while those under 65 could buy their Kodak coverage via COBRA. But two groups have — or will — feel the bankruptcy’s effects far more heavily, Roberts said.

More than 1,100 retired Kodak workers — many had been upper management — saw their Kodak Excess Retirement Income Plans (KERIP) or Kodak Unfunded Retirement Income Plans (KURIP) end when the company filed for bankruptcy in January 2012. Those pensioners ended up receiving a few pennies on the dollar last fall in the form of new Kodak stock for the estimated \$200 million they were owed, Roberts said.

“Someone who had funds in there was depending on that as part of your retirement all of a sudden had 5 percent,” Roberts said. “I think it’s limiting or downsizing your expectations.”

Jim Patton’s KURIP losses were “not a big deal,” the Pittsford man said. “I know people who had a lot more exposure than I did.”

Patton retired in 2001 at the age of 58. Though he and his wife were both Kodak employees, they never were Kodak shareholders, never holding onto the the stock they purchased through company stock options.

And by the time the bankruptcy came, both already were on Medicare. “It was almost no change to what I had to pay,” he said. “I had to pay a fraction more for an already inexpensive policy.”

Ultimately, Patton said, “I don’t know anybody has who contemplated jumping off a bridge over this.”

Facing arguably greater hits are the spouses who had been receiving the survivor income benefit. That also was ended in late 2012, but some funds were made available to continue payments for a time. Those payments, at most about \$400 a month, end in fall 2015, Roberts said.

“Those people ... we are concerned about,” he said. “We’ve heard of people saying, ‘I’m going to have to sell my house to provide for myself once that fund runs out.’ There are going to be stories like that.”

Atop all that were the emotional ripple effects.

“I’m mad and sad at the same time,” said Phil Harnden. The 64-year-old from Spencerport worked mostly in distribution, escaping downsizing after downsizing that claimed hundreds of people he worked with in Building 605 until 2010 when his number came up.

When he finally did get cut, “it was like you punched me in the nose,” he said. “It was three months later my boss left.”

As a retiree, he said, the most painful cut was the loss of the company life insurance policy at the end of 2012. Now he can afford a \$20,000 policy, about half the size of the the group rate Kodak policy he had and “enough to bury my butt.”

The hits did not come of the blue in many cases.

Mike Masiello of Masiello Retirement Solutions in Greece said that as far back as 1999 it started advising its Kodak employee clients: “Start to prepare for life without Kodak. Control what you can control.”

“Kodak, to its credit, has always been one of those cradle-to-grave employers,” Masiello said. “That’s also probably the greatest disservice they did to employees, they stupefied people. ‘Don’t worry, we’ll take care of you ... oops, we’re no longer going to take care of you.’ ”

Most of Masiello’s retiree clientele “came out OK,” he said. “Not as good as they would like, obviously. There’s some bitterness about the pensions, the reduction in benefits. At the end of the day, it doesn’t solve any problems. You’ve got to be pragmatic about things like that.”

And for many retirees, there is a worry of more to come, if Kodak were to be acquired and what might happen then to its remaining Kodak Retirement Income Plan pension.

“It’s something I don’t have control over, so why worry about it?” Harnden said.

But, he added, “It’s in the back of my mind.”

MDANEMAN@DemocratandChronicle.com

[Twitter.com/mdaneman](https://twitter.com/mdaneman)

Kodak stock ups and downs

Eastman Kodak Co.’s practically worthless stock, trading at pennies a share, became totally worthless in September 2013, when the company officially exited bankruptcy.

And 13 months later, holders of its new stock have endured a bumpy ride.

As part of that bankruptcy, all those existing shares were essentially deleted and a whole new set of stock shares were issued. It began trading again on Sept 23, 2013, with a closing price of \$19.40.

Its value peaked in January at slightly more than \$37. And it hit its lowest point earlier this month at \$17.80. For the past three months, Kodak stock has averaged \$22.74. It closed Friday at \$22.98.

Read or Share this story: <http://on.rocne.ws/1udXsOM>

More Stories



Original URL:

<http://www.democratandchronicle.com/story/news/2014/11/10/kodak-retirees-adapt-bankruptcy/18780485/?from=global&sessionKey=&autologin=>