VERIZON COMMUNICATIONS INC
Form 11-K
June 27, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K
(Mark one):

ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
COMMISSION FILE NUMBER 1-8606

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
VERIZON SAVINGS AND SECURITY PLAN
FOR NEW YORK AND NEW ENGLAND
ASSOCIATES
B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
VERIZON COMMUNICATIONS INC.
1095 Avenue of the Americas
NEW YORK, NEW YORK 10036

VERIZON SAVINGS AND SECURITY PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES

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23.1 CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	

* All other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted as not applicable or not required.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Verizon Employee Benefits Committee and plan participants
Verizon Savings and Security Plan for New York and New England Associates

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Verizon Savings and Security Plan for New York and New England Associates (the Plan) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial

statements as a whole.

/s/ Mitchell & Titus, LLP

We have served as the Plan's auditor since 1998.

New York, New York

June 27, 2018

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VERIZON SAVINGS AND SECURITY PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES
Statements of Net Assets Available for Benefits
As of December 31, 2017 and 2016
(in thousands of dollars)

	2017	2016
Assets		
Investments at fair value	$4,752,153	$4,431,185
Investments at contract value	423,292	414,454
Notes receivable from participants	188,779	198,659
Employer contribution receivable	1,007	424
Net assets available for benefits	$5,365,231	$5,044,722

The accompanying notes are an integral part of these financial statements.

VERIZON SAVINGS AND SECURITY PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2017
(in thousands of dollars)

Additions:	
Participant contributions	$153,971
Employer contributions	64,718
Total contributions	218,689
Net investment gain from investments in Master Trusts	469,943
Interest income on notes receivables from participants	6,692
Transfers from plans and other, net	1,130
Total additions	696,454
Deductions:	
Benefits paid to participants	370,523
Administrative expenses	5,422
Total deductions	375,945
Net change	320,509
Net assets available for benefits	
Beginning of year	5,044,722
End of year	$5,365,231

The accompanying notes are an integral part of these financial statements.

VERIZON SAVINGS AND SECURITY PLAN FOR NEW YORK AND
NEW ENGLAND ASSOCIATES
Notes to Financial Statements
December 31, 2017

1. Description of the Plan

The following description of the Verizon Savings and Security Plan for New York and New England Associates (the "Plan") provides only general information. Participants should refer to the Summary Plan Description and Plan Document for a complete description of the Plan's provisions. The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility

The Plan provides eligible employees, as defined by the Plan Document, of Verizon Communications Inc. ("Verizon" or "Plan sponsor") and certain of its subsidiaries ("Participating Affiliates") with a convenient way to save for both short-term and long-term needs.

Covered employees are eligible to make before-tax, Roth and/or after-tax contributions to the Plan and to receive matching employer contributions upon completion of enrollment in the Plan as soon as practicable following the date of hire. Beginning October 28, 2012, covered employees in certain bargaining groups who are not eligible to earn pension benefits and who are employed by Verizon or its Participating Affiliates on the last day of the year in a position subject to a collective bargaining agreement, may receive employer annual discretionary awards ("profit sharing contributions") under the Plan.

An individual's active participation in the Plan shall terminate when the individual ceases to be an eligible employee; however, the individual shall remain a participant until the entire account balance under the Plan has been distributed or forfeited.

Investment Options

Participants direct their contributions to be invested in any of the current investment options.

Participant Accounts

Each participant's account is credited with the participant's contributions, rollovers, employer-matching contributions, profit sharing contributions, and allocations of Plan income. Allocations of Plan income are based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

A participant shall be fully vested in the employer-matching and profit sharing contributions allocated to his or her account and any income thereon upon completing three years of vesting service or upon death, disability, retirement from Verizon or its Participating Affiliates, attainment of normal retirement age, permanent layoff (subject to the terms of the applicable collective bargaining agreement), temporary layoff that continues for twelve months, involuntary separation that qualifies for benefits under a separation incentive program, transfer to salaried employee status that continues for twelve months, or a qualifying transfer to Bellcore (as defined in the Plan Document). Vesting

shall also occur if a participant is hired by an entity subject to the Mandatory Portability Agreement (as defined in the Plan Document) within thirty days after terminating from Verizon.

Forfeitures

A terminated employee's non-vested employer-matching and profit sharing contributions are forfeited and offset against subsequent employer-matching and profit sharing contributions to the Plan. Forfeitures used to reduce employer matching contributions for the year ended December 31, 2017 were $0.2 million. The balance in the forfeiture account was $0.2 million and $0.3 million at December 31, 2017 and 2016, respectively.

Contributions

The Plan is funded by employee contributions up to a maximum of 25% of compensation, by profit sharing contributions, and subject to applicable collective bargaining agreements, by employer-matching contributions in shares of Verizon common stock equal to a percentage of the initial 6% of the participants' contributions of eligible compensation for each payroll period during the Plan year. The matching contribution percentage is specified by the Plan or the participant's collective bargaining agreement, as applicable, and different percentages may apply to participants in certain bargaining groups who are not eligible to earn pension benefits. Employees attaining the age of 50 or older can elect to make additional catch-up contributions to the Plan (up to a maximum of 60% of compensation). Effective as of October 28, 2012, Verizon and its Participating Affiliates may make a discretionary, performance-based annual discretionary award to the Plan in an amount up to 3% of each eligible participant's eligible compensation for the Plan year. Eligible participants are those in certain bargaining groups who are not eligible to earn pension benefits and who are employed by Verizon or its Participating Affiliates on the last day of the year in a position subject to a collective bargaining agreement.

Participant contributions may be made on a before-tax or Roth after-tax basis ("elective contributions") or from currently taxed compensation ("after-tax contributions"). Each participant's elective contributions for the 2017 Plan year were limited to $18,000. For 2017, the total amount of elective contributions, after-tax contributions, employer-matching contributions, profit sharing contributions and certain forfeitures that may be allocated to a Plan participant was limited to the lesser of (1) $54,000 or (2) 100% of the participant's total compensation, and the compensation on which such contributions were based was limited to $270,000. The catch-up contribution limit is $6,000 for eligible participants.

Employer-matching contributions are made in Verizon common stock. Employer profit sharing contributions may be made in cash or in Verizon common stock as determined by Verizon. The Verizon common stock is held by the Plan in a unitized fund, which means participants do not actually own shares of Verizon common stock but rather own an interest in the unitized fund. For the year ended December 31, 2017, total employer-matching and profit sharing contributions of 1.3 million shares of Verizon common stock were made with a fair value at the date of contribution of $64.7 million, of which $1.0 million represents the 2017 discretionary profit sharing contribution.

Participants age 50 and older with one year of service are permitted to redirect up to 50% of these employer-matching contributions (100% after attaining age 55). A participant who has completed at least three years of service may transfer employer-matching contributions made on or after January 1, 2007 to any other investment option or options under the Plan. The same diversification rules apply to profit sharing contributions made or considered made in Verizon common stock. A participant may transfer all or a portion of employer-matching contributions (and related earnings) made before January 1, 2007 to any other investment option or options under the Plan. As of December 31, 2017 and 2016, the non-participant directed investment in Verizon common stock were $1,699 (in thousands) and $3,552 (in thousands), respectively. The non-participant directed investment activities during 2017 were insignificant. The net asset balance related to non-participant directed investments as of December 31, 2016,

previously reported as $1,003,552 (in thousands), has been restated to $3,552 (in thousands) to correct an inadvertent misclassification of net assets between participant directed and non-participant directed investments. The change had no impact on the total net assets of the Plan for the year ended December 31, 2016.

Notes Receivable from Participants

The Plan includes a loan provision authorizing participants to borrow an aggregate amount generally not exceeding the lesser of (1) $50,000 or (2) 50% of their vested account balances in the Plan, subject to certain limitations. Loans are generally repaid by payroll deductions. The general term of repayment for loans is a minimum of six months and a maximum of five years (fifteen years for a loan to purchase a principal residence). For loans up to five years, each new loan will bear interest at a rate based upon the prime rate as of the last business day of the calendar month immediately preceding the date the loan is made. Loans for a period of longer than five years shall bear interest at such rate plus one percentage point. Participant loans are classified as “Notes receivable from participants” in the Statements of Net Assets Available for Benefits. Interest rates range from 3.25% to 10.50% for the year ended December 31, 2017.

Payment of Benefits

Benefits are recorded when paid. Benefits are payable in a lump sum cash payment unless a participant elects, in writing, one of the following four optional forms of benefit payment: (1) payment in Verizon shares for investments in the Verizon Company Stock Fund, with the balance in cash; (2) in annual installments in cash of approximately equal amounts to be paid out for a period of 2 to 20 years, as selected by the participant; (3) in monthly or annual installments over a period equal to the life expectancy of the participant; or (4) for those participants eligible to receive their distribution in installments as described in (2) or (3) above, a pro rata portion of each installment payment in Verizon shares for investments in the Verizon Company Stock Fund, with the balance of each installment in cash.

Administrative Expenses

Plan administrative fees may include trustee, recordkeeping, and other administrative fees and expenses associated with maintaining the Plan. The cost of administering the Plan is paid by the Plan administrator. The Plan does not charge any other administrative expenses directly to participant accounts. Participants are provided with a detailed schedule of fees in the annual disclosure notice.

Master Trusts and Trustees

The Plan holds interests in the net assets of the Verizon Master Savings Trust (the “Master Trust”) and the net assets of the defined contribution account in the Bell Atlantic Master Trust (referred to collectively as the “Master Trusts”). Fidelity Management Trust Company (the “Trustee” or “Fidelity”) has been designated as the trustee and record keeper of the Verizon Master Savings Trust and is responsible for the control and disbursement of the funds and portfolios of the Plan. The Trustee is also responsible for the investment and reinvestment of the funds and portfolios of the Plan, except to the extent that it is directed by Verizon Investment Management Corp. (“VIMCO”) or by third-party investment managers appointed by VIMCO.

The Bell Atlantic Master Trust holds both defined benefit and defined contribution assets, which are either pooled between defined benefit plans and defined contribution plans, or specific defined benefit plans, or specific defined contribution plans. The Bank of New York Mellon (“BNY Mellon”) is the trustee of the Bell Atlantic Master Trust.

Plan Modification and Plan Termination

The Board of Directors of Verizon may modify, alter, amend, terminate or partially terminate the Plan at any time, subject to collective bargaining requirements. The Verizon Employee Benefits Committee may also make amendments to the Plan that do not materially alter the cost to the Participating Affiliates of providing benefits under the Plan. The chief legal counsel to the Committee may amend the Plan for changes required by the Internal Revenue Service ("IRS") in connection with a determination letter or voluntary compliance application. No amendment may permit any of the assets held pursuant to the Plan to be used for any purpose other than for the exclusive benefit of Plan participants and their beneficiaries or for paying reasonable expenses of administering the Plan. In the event the Plan terminates, participants will become fully vested in their accounts.

2. Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States ("U.S. GAAP").

Use of Estimates

U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements, accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2017 or 2016. A participant loan is in default if loan repayments are delinquent beyond the end of the Plan's grace period. Defaulted loans are treated as an offset distribution or deemed distribution for tax purposes and become taxable income to the participant in the year in which the default occurs. In the case of an offset distribution, the participant loan balance is reduced and a distribution is recorded on the participant's account.

Recently Issued Accounting Standards

In February 2017, the Financial Accounting Standards Board issued the Accounting Standards Update ("ASU") No. 2017-06, "Employee Benefit Plan Master Trust Reporting." This ASU requires an employee benefit plan to disclose the plan's percentage interest in a master trust and a list of the investments held by the master trust, presented by general type, within the plan's financial statements. This ASU also removes the requirement to disclose the plan's overall percentage interest in a master trust for plans with divided interests and requires that all plans disclose the dollar amount of their interest in each general type of investment. In addition, the ASU requires the disclosure of the master trust's other asset and liability balances and the dollar amount of the plan's interest in each of those balances. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018 and will be applied retrospectively. Early adoption is permitted. The Plan sponsor is currently evaluating the impact that this ASU will have on the presentation of the financial statements and disclosures.

Investment Valuation and Income Recognition

The Plan's interests in the Master Trusts are stated at fair value (except for Fully Benefit-Responsive Investment Contracts ("FBRICs") which are reported at contract value). The Statement of Changes in Net Assets Available for Benefits reflects the net investment gain from the Plan's interests in the Master Trusts which consists of the realized gains or losses and the unrealized appreciation/(depreciation) in fair value, or contract value of those investments, as well as interest and dividends earned. Purchases and sales of investments are reflected as of the trade date. Realized gains and losses on sales of investments are determined on the basis of average cost. Dividend income is recorded on the ex-dividend date. Interest earned on investments is recorded on the accrual basis. Net appreciation/(depreciation) includes gains and losses on investments bought and sold, as well as held during the year.

Risks and Uncertainties

The Plan provides investment options for participants who can invest in combinations of stocks, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, equity price, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in these financial statements.

Fair Value Measurements

Fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities
Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities
Level 3 – Unobservable pricing inputs in the market for assets and liabilities

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Plan sponsor's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their categorization within the fair value hierarchy. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

3. Investments in Master Trusts

The Plan's interests in the net assets of the Master Trusts at December 31, 2017 and 2016 were approximately 16.0% and 16.6%, respectively. This percentage is based on a pro rata share of the assets in the Master Trusts, which may include receivables and payables from unsettled trades and accrued income and expenses.

The defined contribution net investments in the Bell Atlantic Master Trust are held in a unitized commingled account measured at net asset value ("NAV") per share, as a practical expedient. The net investments are reflected as "Investments measured at NAV" presented as a component of the "Total investments at fair value" below. The net

investments were valued at $162.8 million and $139.8 million at December 31, 2017 and 2016, respectively, of which the Plan held an interest of approximately 2.5% in both years.

The Plan's participating interest in the investment funds of the Master Trusts is based on account balances of the participants and their elected investment funds. The net assets of the Master Trusts are allocated by assigning to each plan participating in the Master Trusts those transactions that can be specifically identified as related to the plan, such as contributions, benefit payments, and plan-specific expenses. The income and expenses resulting from the collective investments of the Master Trusts' assets are allocated in proportion to the fair value of the assets assigned to such plan. On a monthly basis, investments, investment income and expenses are allocated to the Plans in accordance with their proportionate interest in the Master Trusts. Investment fees are charged against the earnings of the funds and portfolios.

The Plan's interest in the fair value of the investments in the Master Trusts and the related investment gains are reported in "Investments at fair value" and "Net investment gain from investments in Master Trusts" in the Statements of Net Assets Available for Benefits and in the Statement of Changes in Net Assets Available for Benefits, respectively.

The accounting records of the Master Trusts are maintained in U.S. dollars. Foreign currency denominated assets and liabilities are translated into U.S. dollars at the prevailing rates of exchange at the end of each accounting period, with the impact of fluctuations in foreign exchange rates reflected as an unrealized gain or loss in the fair value of the investments.

Cash receipts and payments derived from investment trades involving foreign currency denominated investments are translated into U.S. dollars at the prevailing exchange rate on the respective transaction date. Net realized gains and losses on foreign currency transactions result from the disposition of foreign currency denominated investments as a result of fluctuations in foreign exchange rates between the trade and settlement dates and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received.

The foreign exchange effect on foreign currency denominated investments is not segregated from the impact of changes in market prices in the Statement of Changes in Net Assets Available for Benefits.

Valuation of Investments

Cash and cash equivalents include short-term investment funds (less than 90 days to maturity), primarily in diversified portfolios of investment grade money market instruments, and are valued using quoted market prices or other valuation methods. The carrying value of cash equivalents approximates fair value due to the short-term nature of these investments.

Investments in securities traded on national and foreign securities exchanges are valued by the custodian at the last reported sale prices on the last business day of the year or, if no sales were reported on that date, at the last reported bid prices. Government obligations, corporate bonds, international bonds and asset-backed securities are valued using matrix prices with input from independent third-party valuation sources. Over-the-counter securities are valued at the bid and ask prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable such as multiple broker quotes.

Commingled funds not traded on national exchanges are valued by the custodian or fund administrator at their NAV. Commingled funds held by third-party custodians appointed by the fund managers provide the fund managers with a NAV. The fund managers have the responsibility for providing this information to the custodian of the respective plan. Hedge fund investments include those investments seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. Hedge funds are valued by the custodian at

NAV based on statements received from the investment manager. These funds are valued in accordance with the terms of their corresponding offering or private placement memoranda. Commingled funds and hedge funds for which fair value is measured using the NAV per share as a practical expedient are not leveled within the fair value hierarchy and are included as a component of the total investments in the Master Trusts.

The following table sets forth by level, within the fair value hierarchy, the Master Trusts' net investments by investment type measured at fair value as of December 31, 2017 (in thousands):

	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$482	$84,877	$—	$85,359
Verizon common stock	6,817,351	—	—	6,817,351
Mutual funds				
U.S. fixed income	561,301	—	—	561,301
U.S. equity	496,695	—	—	496,695
U.S. small cap	450,061	—	—	450,061
International equity	386,719	—	—	386,719
Global fixed income	294,706	—	—	294,706
Equity				
International equity	2,935,454	2,057	—	2,937,511
U.S. equity	6,992,015	1,537	—	6,993,552
Fixed income				
U.S. bonds	14,336	1,028,012	2,034	1,044,382
U.S. treasuries and agencies	1,231,304	357,181	—	1,588,485
Asset-backed securities	—	130,241	—	130,241
International bonds	5,943	497,327	190	503,460
Convertible securities	—	22,578	—	22,578
Total investments in the fair value hierarchy	20,186,367	2,123,810	2,224	22,312,401
Investments measured at NAV				9,689,269
Total investments at fair value	$20,186,367	$2,123,810	$2,224	$32,001,670

The following table states the change in fair value of the Master Trusts' Level 3 assets for the year ended December 31, 2017 (in thousands):

	Fair Value January 1, 2017	Transfer Out	Transfer In	Acquisitions	Dispositions	Realized Gain/(Loss)	Change in Unrealized Loss	Fair Value December 31, 2017
Fixed income								
U.S. bonds	$ 978	$ —	$ —	$ 2,536	$ (1,315)	$ (151)	$ (14)	$ 2,034
International bonds	270	—	—	—	(270)	194	(4)	190
Total investments	$ 1,248	$ —	$ —	$ 2,536	$ (1,585)	$ 43	$ (18)	$ 2,224

Assets are monitored to assess the appropriate levels assigned within the fair value hierarchy. Changes in economic conditions, such as bankruptcy, default or delisting, may require the transfer of an asset from one fair value level to another. When such a transfer occurs, it is recognized as of the end of the reporting period.

The total net appreciation of $3.1 billion for the year ended December 31, 2017 includes gains and losses on investments bought and sold, as well as held during the year, for all the Master Trusts' investments. Interest and dividends, along with the net appreciation/(depreciation) in fair value or contract value of investments, are allocated to the Plan on a daily basis based upon the Plan's participation in the various investment funds and portfolios that comprise the Master Trusts as a percentage of the total participation in such funds and portfolios. Interest and dividend income for the Master Trusts was $736.3 million for the year ended December 31, 2017. The net appreciation for the Bell Atlantic Master Trust's net investments was $40.8 million for the year ended December 31, 2017, which is included in the total net appreciation.

The following table summarizes redemption restrictions for investments of the Master Trusts for which fair value is estimated using NAV per share as of December 31, 2017 (in thousands):

Asset Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Commingled funds:				
U.S. equity securities	$5,977,658	N/A	Daily	Daily
International equity securities	1,300,740	N/A	Daily	Daily
U.S. fixed income securities	558,058	N/A	Daily	Daily
Hedge fund	22,040	N/A	Monthly	30 Days
Cash equivalents	1,186,304	N/A	Daily	Daily
Real estate	585,809	N/A	Daily	Daily
Commodities	58,660			
Total	$9,689,269			

For a portion of the real estate fund, redemption requests will be scheduled for payment on the next valuation date which is at least three months after receipt of a written request for redemption (last business day of the quarter). Redemption requests are subject to fund management discretion based on cash available to meet redemption requests. In the event total redemption requests exceed the total cash available to honor such requests, available cash will be prorated among the contract-holders eligible for redemption.

The following table sets forth by level, within the fair value hierarchy, the Master Trusts' net investments by investment type measured at fair value as of December 31, 2016 (in thousands):

	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$99	$58,060	$—	$58,159
Verizon common stock	7,499,041	—	—	7,499,041
Mutual funds				
U.S. fixed income	1,210,836	—	—	1,210,836
U.S. equity	370,219	—	—	370,219
U.S. small cap	401,443	—	—	401,443
International equity	284,670	—	—	284,670
Global fixed income	308,544	—	—	308,544
Equity				
International equity	2,211,706	—	—	2,211,706
U.S. equity	6,067,660	117	—	6,067,777
Fixed income				
U.S. bonds	5,520	1,003,669	978	1,010,167
U.S. treasuries and agencies	580,777	291,431	—	872,208
Asset-backed securities	—	145,488	—	145,488
International bonds	573	670,940	270	671,783
Convertible securities	2,262	6,530	—	8,792
Total investments in the fair value hierarchy	18,943,350	2,176,235	1,248	21,120,833
Investments measured at NAV				7,524,910
Total investments at fair value	$18,943,350	$2,176,235	$1,248	$28,645,743

The following table states the change in fair value of the Master Trusts' Level 3 assets for the year ended December 31, 2016 (in thousands):

	Fair Value January 1, 2016	Transfer Out	Transfer In	Acquisitions	Dispositions	Realized Gain/(Loss)	Change in Unrealized Gain	Fair Value December 31, 2016
Fixed income								
U.S. bonds	$ 752	$ —	$ —	$ 826	$ (653)	$ (68)	$ 121	$ 978
International bonds	—	—	—	265	—	5	—	270
Total investments	$ 752	$ —	$ —	$ 1,091	$ (653)	$ (63)	$ 121	$ 1,248

Assets are monitored to assess the appropriate levels assigned within the fair value hierarchy. Changes in economic conditions, such as bankruptcy, default or delisting, may require the transfer of an asset from one fair value level to another. When such a transfer occurs, it is recognized as of the end of the reporting period.

The following table summarizes redemption restrictions for investments of the Master Trusts for which fair value is estimated using NAV per share as of December 31, 2016 (in thousands):

Asset Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Commingled funds:				
U.S. equity securities	$4,827,367	N/A	Daily	Daily
International equity securities	781,488	N/A	Daily	Daily
U.S. fixed income securities	228,447	N/A	Daily	Daily
International fixed income securities	28,220	N/A	Daily	Daily
Cash equivalents	1,107,174	N/A	Daily	Daily
Real estate	530,136	N/A	Daily	Daily
Commodities	22,078			
Total	$7,524,910			

Fully Benefit-Responsive Investment Contracts

The Plan holds a portfolio of synthetic investment contracts that meet the criteria of a FBRIC. The underlying investments of the FBRICs are included in the Master Trust's assets at contract value, which as reported by the insurance companies and banks, was approximately $0.7 billion at both December 31, 2017 and 2016.

The Plan's share of the total contract value of the FBRICs was approximately $0.4 billion at both December 31, 2017 and 2016, which is reflected in the Statements of Net Assets Available for Benefits. The contract value is the relevant measurement of the FBRICs because it represents the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The contract value of the investment contracts represents contributions plus earnings, less participant withdrawals and administrative expenses.

The synthetic investment contracts held by the Plan include wrapper contracts that provide a guarantee that the credit rate will not fall below zero percent. The wrap contracts are held with insurance companies and banks. In a typical wrap contract, the wrap issuer agrees to pay the fund the difference between the contract value and the fair value of the covered assets once the fair value has been totally exhausted. Though relatively unlikely, this could happen if the fund experiences significant redemptions during a time when the fair value of the fund's covered assets is below their contract value and fair value is ultimately reduced to zero. Standard & Poor's ("S&P") rated the issuers of these contracts and the contracts underlying the securities from AA- to A+ as of December 31, 2017 and 2016.

Certain events limit the ability of the Plan to transact at contract value with the issuer. These events include the following: (1) substantive modification of the Plan, including complete or partial plan termination or merger with another plan; (2) any change in law, regulation, or administrative ruling that could have a material adverse effect on the fund's cash flow; (3) the Plan's failure to qualify under section 401(k) of the Code; (4) bankruptcy of the Plan sponsor or other Plan sponsor events which cause a significant withdrawal from the Plan; and (5) defaults in the debt securities that comprise the covered assets in excess of certain limits. The Plan administrator does not believe the occurrence of any such event is probable at this time.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Such events may include the following: (1) an uncured violation of the Plan's investment guidelines; (2) a breach of material obligation under the contract; (3) a material misrepresentation; and (4) a material amendment to the agreements without the consent of the issuer.

4. Derivatives

In the normal course of operations, the Master Trust's assets may include derivative financial instruments. Derivatives are synthetic instruments used to get various market exposures with limited margin requirements and therefore with leverage risk involved. The contract or notional amounts disclosed in this footnote provide a measure of the Master Trust's involvement in such instruments but are not indicative of potential loss. The intent is to use derivative financial instruments to gain market exposure or as economic hedges to manage various risks such as market volatility risk, foreign currency exchange rate risk, interest rate risk or credit risk associated with the Master Trust's investment assets or to express investment managers' views of future market movements efficiently.

At December 31, 2017 and 2016, the Master Trust utilized futures, options, foreign currency forwards, interest rate and credit derivatives to manage risks such as price risk, foreign currency exchange rate risk, interest rate sensitivity and credit risk.

The following table presents the effect of gains with respect to these derivative instruments, by type of derivative. The gains are located on the Statement of Changes in Net Assets Available for Benefits under "Net investment gain from investments in Master Trusts" (in thousands):

	For the year ended December 31, 2017
Futures	$ 135
Options	29
Swaps	5,387
Foreign currency forward contracts	889
Total	$ 6,440

Futures Contracts

Upon entering into a futures contract on behalf of the Master Trust, the investment manager is required to pledge to the broker an amount of cash or securities equal to the minimum "initial margin" requirements of the exchange on which the contract is traded. Pursuant to the contract, the investment manager agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded on a daily basis by the trustee as a realized gain or loss equal to the difference in the value of the contract between daily closing prices.

Option Contracts

Purchased and written option contracts are agreements between two parties giving the owner, under a purchased option, the right, but not the obligation, to buy or sell a specified item at a fixed price ("exercise" or "strike") during a specified period and, under a written option, the obligation to buy or sell a specified item at a fixed price. When the investment manager buys or writes an option contract, a nonrefundable fee (the "premium") is paid or received by the Master Trust, recorded as an asset or liability and subsequently adjusted to the current market value of the option purchased or written. The premiums paid or received from buying or writing options together with the option settlement amounts are recorded as realized gains or losses when the options expire. The difference between the premium and the amount paid or received on effecting a closing purchase or sale transaction is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is recorded as a realized gain or loss if sold or an adjustment to cost of the underlying investment if acquired upon exercise.

Foreign Currency Forward Contracts

Foreign currency forward contracts are agreements to exchange foreign currencies at a specified future date and rate, the terms of which are not standardized on an exchange. Risk arises both from the possible inability of the counterparties to meet the terms of the contracts (credit risk) and from the movements in foreign currency exchange rates (market risk). The contracts are recorded at fair value on the date the contract is entered into, which is typically zero.

Interest Rate Swaps

An interest rate swap is a contract between a buyer and a seller under which the buyer and seller agree to exchange payments based on interest rate movements, typically fixed versus floating rates on an agreed upon notional amount. Counterparty risk, or the risk associated with the party one enters into a contract with, is an important consideration for all forms of contractual agreement that are settled over-the-counter.

Inflation Swaps

An inflation swap is a contract used to transfer inflation risk from one party to another through an exchange of cash flows. One party pays a fixed rate cash flow while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index.

Currency Swaps

A currency swap involves the exchange of interest and/or principal in one currency for the same in another currency. Interest payments are exchanged at fixed dates through the life of the contract.

Credit Default Swaps

A credit default swap ("CDS") is a particular type of swap designed to transfer the credit exposure of fixed income products between two parties. In a credit default swap, the buyer of the swap makes payments to the swap’s seller up until the maturity date of a contract. In return, the seller agrees that, in the event that the debt (“reference name”) issuer defaults or experiences another credit event, the seller will pay the buyer the security’s principal as well as all interest payments that would have been paid between that time and the security’s maturity date.

These triggering events may include the market standard of failure to pay on indebtedness, bankruptcy of the reference credit, debt restructuring, or the acceleration of indebtedness. The seller of such protection may not be required to make payments until a specified amount of losses has occurred with respect to the portfolio and/or may only be required to pay for losses up to a specified amount.

The notional amounts and fair values of the derivative instruments as of December 31, 2017 and 2016 are presented below. The fair values presented in the tables are included in the Statements of Net Assets Available for Benefits under “Investments at fair value” (in thousands):

		December 31, 2017		December 31, 2016	
Type of Contract	Position	Notional Amount	Fair Value	Notional Amount	Fair Value
Equity					
Futures contracts	Long	$15,579	$306	$13,241	$242
Futures contracts	Short	(2,810)	(8)	(5,612)	35
Equity Total		$12,769	$298	$7,629	$277
Fixed Income					
Futures contracts	Long	$322,539	$(822)	$453,199	$263
Futures contracts	Short	(284,728)	658	(304,554)	425
Fixed income options	Short	(13,000)	(59)	(15,800)	(69)
Inflation swaps	Long	61,124	(189)	4,325	(372)
Inflation swaps	Short	—	(63)	—	(4)
Interest rate swaps	Long	180,801	2,231	72,418	7,617
Interest rate swaps	Short	—	(93)	—	(40)
Currency swaps	Long	27,731	27,712	23,354	23,365
Currency swaps	Short	—	(25,071)	—	(31,082)
Credit default swaps	Long	48,719	1,340	31,012	994
Fixed Income Total		$343,186	$5,644	$263,954	$1,097
Foreign Exchange					
Forward contracts	Cross	$1,779	$(10)	$2,617	$11
Forward contracts	Long	442,295	(4,221)	718,762	24,581
Forward contracts	Short	282,304	5,120	503,503	(13,950)
Foreign exchange options	Short	—	54	(13,929)	(11)
Foreign Exchange Total		$726,378	$943	$1,210,953	$10,631

5. Related-Party Transactions

VIMCO, an indirect, wholly-owned subsidiary of Verizon, is the investment advisor for certain investment funds and, therefore, qualifies as a party-in-interest. VIMCO received no compensation from the Plan other than reimbursement of certain expenses directly attributable to its investment advisory and investment management services rendered to the Plan. In addition, certain investments held by the Master Trusts are managed by BNY Mellon, as trustee, and Fidelity, as trustee and record keeper. Therefore, these investments qualify as parties-in-interest transactions. The Plan also allows investment, through a unitized fund, in Verizon common stock, which is a party-in-interest transaction. All of these transactions are exempt from the prohibited transaction rules.

6. Income Tax Status

The Plan has received a determination letter from the IRS dated April 21, 2015, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code ("the Code") and, therefore, the related trusts are exempt from taxation. The Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trusts are tax exempt.
U.S. GAAP requires the Plan's management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2014.

7. Reconciliation of Financial Statements to Form 5500

The following table reconciles the Net assets available for benefits per the Statements of Net Assets Available for Benefits to the Plan's Form 5500 Asset and Liability Statement at December 31, 2017 and 2016 (in thousands):

	2017	2016
Net assets available for benefits per the financial statements	$5,365,231	$5,044,722
Adjustment for deemed distributions with no post-default payments	(10,610)	(10,482)
Net assets available for benefits per Form 5500	$5,354,621	$5,034,240

The following table reconciles the Net change per the Statement of Changes in Net Assets Available for Benefits to Net income and Transfers of assets per the Plan's Form 5500 Income and Expense Statement for the year ended December 31, 2017 (in thousands):

	2017
Net change per the financial statements	$320,509
Adjustment for deemed distributions with no post-default payments	(128)
Net income and transfers of assets per Form 5500	$320,381

VERIZON SAVINGS AND SECURITY PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES
EIN: 23-2259884 Plan # 011
Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)
As of December 31, 2017
(in thousands of dollars)

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Current Value
Notes receivable from participants*	0 - 15 years maturity at 3.25% - 10.50%	$188,779

* Party-in-interest

Cost information is not required because investments are participant-directed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Verizon Employee Benefits Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

VERIZON SAVINGS AND SECURITY PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES

By: /s/ Marc C. Reed
Marc C. Reed
(Chairperson,
Verizon
Employee
Benefits
Committee)

Date: June 27, 2018

Exhibit Index

23.1 Consent of Independent Registered Public Accounting Firm