



Verizon Sells Pensions to Prudential Life Insurance

Editor's Note: Following is an excerpt from the full report on the status of the case, Lee, et al., v. Verizon Communications, Inc., et al., contesting the tradeoff of management pensions from Verizon to the Prudential Life Insurance company. If you have email access and want to see the full report go to www.nrln.org. Highlight "NRLN CHAPTERS" at the top. Click on "ARIZONA CHAPTER".

By Curtis L Kennedy:

This is an update about the case sponsored and fully financed by the Association of BellTel Retirees, Inc. (ABTR) and pursued on behalf of retirees whom Verizon expelled from the Verizon Management Pension Plan and sent over to The Prudential Insurance Company of America [effective January 1, 2013].

To recap, on October 17, 2012, Verizon disclosed in a filing made with the SEC that it had entered into a contract with Prudential to end Verizon's responsibility for approximately 41,000 management retirees. The announced \$8.5 billion transaction completely caught all of the retirees and their retiree association by surprise. ABTR immediately sought legal and other expert advice and decided to mount a legal challenge for the benefit of all retirees, bringing in outside legal counsel Curtis L. Kennedy of Denver and Robert E. Goodman, Jr., of Dallas.

In March 2013, Dallas federal court Chief Judge Sidney A. Fitzwater granted class certification of the Lee, et al., v. Verizon Communications Inc., et al. case

Now that the annuity transaction has been completed, all 41,000 transferred retirees have lost all federal law protections and uniform guarantee provided by the Pension Benefit Guaranty Corporation ("PBGC"). The insurance annuities, now being provided outside of the ERISA rubric, are subject to varying state voluntary insurance protections, may be subject to creditors' and bankruptcy claims, and there is not prohibition preventing Prudential from either selling or transferring some or all of the annuities to another international insurance company.

Verizon, one of the most financially successful U.S. corporations, has "de-risked", or abandoned, its long-term responsibility for financing and paying the pension obligations of 41,000 retirees, simply to enhance its corporate rating.

The case is being closely watched by countless other corporate sponsors of pension plans who, too, may try to ride this latest wave of "de-risking" pension plans and substituting insurance annuities. Regularly, contributors and advisors of employee benefit forums are telling corporate sponsors of defined benefit plans that they need to stay tuned for the outcome of the motion to dismiss pending the Lee case.

THE NRLN NEEDS YOUR FINANCIAL SUPPORT

De-risking Pension Funds is only one of many issues the NRLN is addressing. The NRLN is conducting an exhaustive analysis of de-risking to determine what, if any, regulatory or legislative actions the NRLN should consider. The conclusions will be in an NRLN white paper. NRLN white papers average \$25,000 each to create.

We know that you, like we, receive requests for money all the time. However, with what corporate America is doing to their retirees and with the way the courts are ruling on matters pertaining to retiree issues, our last hope is with protecting ourselves through legislation and regulation. Please help us help you and all retirees. If you are not already a paying member, we are asking for your \$25 or more to support the NRLN in Washington D.C. and the Grassroots work of the NRLN Arizona Chapter. If you haven't paid dues for 2013, we ask that you please do so.

Please fill out the membership form at the bottom, and send it along with your check to the address indicated. Our efforts cannot continue without your financial support. Thank you!

NRLN AZ Chapter Volunteers at Work

Recently, the NRLN Arizona Chapter volunteers, former TRA/AUSWR members, personally visited offices or made contact with the Arizona Congressional Representatives/Senators, making them aware of the issues facing all retirees. We asked them to sponsor or co-sponsor specific legislative bills in the Senate or House of Representatives on Prescription Drug Reform:

- S. 214 – Prohibits brand name drug companies from compensating generic drug companies to delay the entry of a generic drug into the market – It bans “pay for delay”.
- S. 117 & H.R. 1102 – Allows competitive bidding for prescription drugs for Medicare beneficiaries – Today, Medicare cannot competitively bid for their drugs like the Veterans’ Administration can.

We also presented the NRLN White Papers on Social Security and Medicare and advised them that NRLN is:

- Against changing the way the COLA is calculated. Using the chained CPI method actually lowers benefits.
- Against the use of vouchers to replace traditional Medicare.
- Against raising the Social Security eligibility age.
- Against lowering any Medicare benefits as long as there is any waste in the Federal government.

Pension Protection during Bankruptcy, Mergers and Acquisitions, and of course De-risking Pension Funds were discussed.

| Your NRLN Arizona Chapter Volunteers | | | | |
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Please become a member of the National Retiree Legislative Network ARIZONA Chapter by filling out this membership form and mail it along with your \$25.00 contribution to NRLN, Inc. P.O. Box 18757, Washington, D.C. 20036-8757. Or, make your contribution with your credit card on the NRLN website at www.nrln.org. Click on the "Join Us" tab on the home page and select support the NRLN. We need your commitment to our goals.

National Retiree Legislative Network - Arizona Chapter Membership Form

The NRLN is a nonprofit, tax-exempt organization. Contributions are not tax deductible.

NAME: _____ **AGE:** **UNDER 55;** **55-64;** **65 OR OVER**

ADDRESS: _____ **CITY:** _____ **STATE:** **ZIP:** **ZIP+4:**

PHONE: _____ **E-MAIL ADDRESS (IF AVAILABLE):** _____

I get my pension check from _____ *(name of company) Years Retired* _____

I am a member of _____ *Retiree Association*

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