



## NEWS RELEASE

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## Retiree Leader Says Bankruptcies Ruining Retirees' Lives

### *NRLN Advocates Federal Legislation to Protect Retirement Pensions and Benefits*

WASHINGTON (March 1, 2012) – The lack of federal legislation to protect retirees' pensions and benefits in corporate bankruptcies is ruining the lives of retirees according to the leader of the National Retiree Legislative Network (NRLN).

"When companies file for Chapter 11 bankruptcy, retirees regularly lose their health care and life insurance benefits and frequently their underfunded pension plans are taken over by the Pension Benefits Guaranty Corporation (PBGC)," said Bill Kadereit, NRLN President. "Retirees often have their pension income reduced at the time when their expenses for health care insurance increase and life insurance is unaffordable or even unobtainable due to age or other conditions.

"Most Americans are not aware that when companies complain about the high cost of health care, they are not really paying the health care bill. Increased health care costs are usually passed along to employees and retirees in the form of increased premiums, higher deductible requirements, higher copay and higher coinsurance assessments," Kadereit said. "Very few retirees ever receive a cost-of-living increase other than through Social Security. Then, when they least expect it, bankruptcy courts take away all remaining company benefits, leaving the PBGC pension and Social Security. Most retirees in such situations lose 15-20% or more of their after-tax buying power.

"Retirees lose their benefits and many times have their pensions reduced due to the unfair calculations by the PBGC." Kadereit said. "It is outrageous that the executives who drove the company into the ditch retain their huge salaries, lucrative benefits and 'golden parachute' agreements. These should be the first to go when a company files for bankruptcy."

Kadereit cited bankruptcies by General Motors, Chrysler and Delphi as recent examples where retirees have had their promised benefits reduced or eliminated, and many Delphi retirees have lost a significant percentage of their pensions.

"Now American Airlines and Kodak retirees are fighting to preserve their pensions and benefits in the bankruptcy court proceedings," Kadereit said. "These retirees, and all who are fighting to retain their pensions and health care benefits, did everything right: They conducted their financial planning responsibly, according to the agreements made with their former employers. Now these same employers, and even Congress, want retirees to fend for themselves at a time when retirees have decreased or absolutely no earning potential. Companies and politicians are spending money

irresponsibly, not retirees. So why do they have to do without medicine and worry about paying their bills while corporate executives and Congress hide behind sound-bites about the bad economy instead of living up to their promises?"

The NRLN is advocating the passage of federal legislation that would place retirees' pensions and benefits on a list of obligations that companies can't shed in bankruptcies. The organization, which represents the interests of more than 2 million retirees from 125 companies and public entities, also wants PBGC rules reformed to ensure equitable calculations of benefit payments and seeks legislation to stop employers from using pension plan assets for non-pension expenses.

"Under current law, bankruptcy courts have historically protected shareholders, bondholders, creditors and vendors who assume the risk when dealing with companies," Kadereit said. "Retirees who had no say in assuming risk should not lose pensions, health care, life insurance and other benefits. Investors and vendors usually recover but retirees never recover what they have lost."

### **About the NRLN**

Based in Washington, D.C., the National Retiree Legislative Network (NRLN) is the only nationwide organization solely dedicated to representing the interests of retirees and future retirees. Formed in 2002, the NRLN endeavors to secure federal legislation to protect retirees' employer-sponsored pensions and benefits in addition to keeping Social Security and Medicare strong. The NRLN is a non-partisan, grassroots coalition representing more than 2 million retirees who came to the NRLN from retiree associations and as individual members who have retired from 125 different U.S. corporations and public entities. Members live in all 50 states and practically all Congressional districts and are working together to preserve the retirement benefits they earned during their many years of employment. For more information about the NRLN, visit our website at <http://www.nrln.org> .

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