



**From: Association of BellTel Retirees Inc.**

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## **Federal Court Grants Class Action Status to Verizon Retirees in \$8.5 Billion Sell-Off of 41,000 Pensions**

**Cold Spring Harbor, NY – April 1, 2013--** A United States District Court Judge in Dallas has ordered class certification of claims by management retirees of Verizon Communications Inc. (NYSE: VZ) in litigation regarding the sell-off of 41,000 ERISA protected pensions to The Prudential Insurance Company of America (NYSE: PRU) in exchange for providing Prudential with billions in Verizon retirees' pension assets.

Attorneys Curtis L. Kennedy of Denver and Robert E. Goodman, Jr., of Dallas are representing the class of retirees in conjunction with the support of the 128,000 member non-profit Association of BellTel Retirees Inc. ([www.BellTelRetirees.org](http://www.BellTelRetirees.org)). The case is before Chief Judge Sidney A. Fitzwater (Case No: 3:12-CV-04834-D).

Retirees counsel argue the transaction replaces retirees' pensions with non-ERISA protected insurance annuities, thus stripping participants of the protections of federal law and causing irreparable harm. This case is being closely watched by the employee benefits industry as a case of first impression, as no other corporation has transferred already retired persons from an ERISA protected and Pension Benefit Guaranty Corporation (PBGC) guaranteed pension plan into a group insurance annuity while keeping the pension plan on-going for others.

*"This case is likely to be closely watched by employee benefits leaders at thousands of companies across America, with the outcome impacting the management of trillions of dollars in ERISA protected pension assets, clarifying plan sponsor and plan fiduciary obligations, and underscoring the rights of plan participants."* **said Attorney Curtis Kennedy.**

In October 2012, Verizon surprised 41,000 persons who retired prior to January 1, 2010 when the corporation formally disclosed it had agreed to the transaction which ends the retirees' uniform PBGC protections and places retirement income at risk of creditors' claims, bankruptcy claims and ends all of retirees' federal rights they enjoyed since 1974. After the transfer, the on-going Verizon Management Pension Plan currently has approximately 50,000 participants, including about 6,000 other retirees not transferred to Prudential.

The Judge class certified a claim made on behalf of the pension plan's remaining 50,000 plan participants whose pensions were not transferred to Prudential, which claim contends Verizon improperly used plan assets to pay excessive costs and expenses that Verizon should have paid with operating revenues, not pension plan monies.

**Retiree association President C. William Jones said, "This discriminatory asset transfer diminishes 41,000 retirees' pensions by extracting not only ERISA and PBGC protections, but**

*has given retirees no choice or voice in the oversight of the pensions they labored a lifetime to fund. We are pleased the court has acknowledged the critical importance of this case.”*

Retirees note that should Prudential or a successor experience a default or asset shortfall, the previous PBGC protections are replaced only by a patchwork network of insurance industry controlled state guaranty associations, many of which are under-funded. Insurance annuities are backed only by insufficient and varying coverage – generally determined by state of residence at the time of impairment – from \$100,000 - \$500,000 (lifetime per person cap). Guaranty associations in eight states and one U.S. territory limit total lifetime coverage for annuity holders to a maximum of \$100,000; 28 states go up to \$250,000 lifetime coverage; 10 states and District of Columbia use a \$300,000 ceiling; and just four offer a ceiling of \$500,000.

**Mr. Jones said,** *“Retirees and their spouses, especially for states with the lowest protection levels, will be financially impaired and left with as little as two years pension replacement in case of default. Verizon’s pension spin-off offers Ma-Bell’s orphans zero protection.”*

The case is: *William Lee, Joanne McPartlin and Edward Pundt, as Plan Participants and Beneficiaries of the Verizon Management Pension Plan vs. Verizon Communications Inc., et al.*, in the United States District Court, Northern District of Texas, Dallas Division (Case No: 3:12-CV-04834-D). See court filings, including class certification order at: [http://www.belltelretirees.org/index.php?option=com\\_content&view=article&id=71&Itemid=71](http://www.belltelretirees.org/index.php?option=com_content&view=article&id=71&Itemid=71)

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