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

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**For Immediate Release:**

**Federal Appeals Court Hears Arguments in**

**Verizon Retirees’ Pension Class Action Litigation**

A three judge U.S. court of appeals panel will hear oral arguments in the class action Lee v. Verizon, Case No. 14-10553, regarding the transfer of 41,000 Verizon management retirees’ pensions into a single group annuity sponsored by Prudential Insurance Company. Arguments will be heard on February 4, 2015 at 9:00 a.m. Central Time, before the United States Court of Appeals for the 5th Circuit in New Orleans.

Attorneys Curtis L. Kennedy of Denver and Robert E. Goodman, Jr. of Dallas are representing the class of 41,000 Verizon retirees. They originally filed a request for an injunction in November 2012 in an effort to block the transfer of retirees, but Chief Judge Sidney Fitzwater of the Northern District of Texas allowed the annuity transaction to move forward in December 2012.

“This case is being closely monitored by corporate pension sponsors, pension fund managers, the annuity insurance industry and ERISA legal professionals throughout the nation,” retirees’ attorney Curtis L. Kennedy said, “Indeed the case will develop ERISA law that will have repercussions on retiree pensioners throughout the nation.”

The retirees argue that the original court decision allowing the transaction to go forward severely undermined federal ERISA law's strict statutory duties and the rigor with which the United States Congress intended the federal courts to monitor the conduct of pension fiduciaries.

Verizon claimed that developed ERISA laws do not apply to its decision to alter the Verizon Management Pension Plan, and then proceeded with the annuity transaction.

“Although the retirees are still receiving the same monthly payments, this pension stripping transaction replaces their pensions with non-ERISA protected insurance annuities. It strips retirees of ERISA’s protections and the Pension Benefit Guaranty Corporation’s uniform guarantee, putting their retirement income stream at risk in the event of a personal bankruptcy,” said Association of BellTel Retirees ([www.belltelretirees.org](http://www.belltelretirees.org)) Chairman Jack Cohen, who was one of the 41,000 retirees whose pension was spun-off. “No one is arguing about the present solvency condition of Prudential, but because of this transfer, retirees are not safeguarded under the same protections as prior to the transaction.”

Retirees are concerned that if Prudential or a successor experiences a default or asset shortfall, the previous federal PBGC protection to which pensioners were entitled has been replaced by a patchwork of insurance industry controlled state guaranty associations, which are not pre-funded in the case of catastrophic financial loss. Insurance annuities are backed only by varying coverage – determined by state of residence – from $100,000 - $500,000, lifetime, per person cap.

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Verizon also does not adequately refute the Association of BellTel Retirees claim that the pension plan transfer was highly discriminatory, nor does the corporation address the argument that retirees were not consulted and given a fair choice in the matter. Other companies transacting similar de-risking lift-outs, such as General Motors and Ford, gave their retirees notice and a choice of accepting a lump sum before they transferred their pension plans to Prudential.

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. (case # 14-10553)

See court filings at <http://www.belltelretirees.org/index.php?option=com_content&view=article&id=71&Itemid=71>

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